

A Rare Success Story in the Health Care Mess

california JOURNAL

JULY 2002

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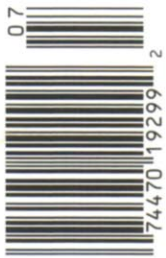
Fred
Keeley,
Legislator
of the Year

**CJ'S
Minnie
Awards**

The
Legislature's
Best

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STOP

Hard Core Drinking Drivers

New research focuses on a clear problem.

At the Traffic Injury Research Foundation, we have spent more than a decade on the troubling problem of hard core drinking drivers, who dominate serious drunk driving crash statistics.

Through the '90s, a surge of new laws attacked the problem and many states now apply prevention measures such as assessment and treatment, ignition interlocks and vehicle sanctions.

Our latest research gives a fresh perspective to the fight. It focuses on ways to strengthen the DWI system, which has become increasingly complex and cumbersome. Hard core drinking drivers know how to exploit the loopholes and inconsistencies in the system and they are "slipping through the cracks."

Recommendations for improvements come directly from those administering criminal justice every day — police, prosecutors, judges, and probation officers. They have provided many practical ideas, from improving training, to better coordination between agencies, to new legislation.

Visit us at www.trafficinjuryresearch.com to keep up with this project — "Stopping the Revolving Door: DWI System Improvements for Dealing with Hard Core Drinking Drivers."



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california JOURNAL

July 2002

Volume XXXIII, Number 7

Upfront

Nader and the NBA; Ralph Dills

Talking Points

Poetry and politics; Internet drugs

Rostrum

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Cal Watch

Water barriers; Sept. 11 victims

Southern Exposure

Richman and Camelot
By Sherry Bebitch Jeffe

The Bottom Line

Hospitals: defy the Big One
By Susan Rasky

D.C. Perspective

Boxer and Feinstein make history
By Marc Sandalow

Welcome National Journal

Washington journalism can sound monotonous. Too many reporters writing the same stories from the same sources. One of the bright spots for me has always been *National Journal*.

Since 1969, it's offered more of the whys and hows about Washington than most newspapers. And it has published some of the best journalists in D.C. Despite the similar names, *National Journal* and *California Journal* are separately owned and operated. But they do share a mission — to spotlight policy and political news in their capitals. In this issue, we also begin to share stories. On page 38, *National Journal* explores a topic from D.C. that is also familiar in Sacramento — Indian casinos. It's an honor to welcome *National Journal*.

David Lesher

Minnie Awards

California Journal's seventh biennial look at the legislative best and brightest, including the award for "legislator of the year" and "rookie of the year."

By A.G. Block

A bureaucratic success story

The 2-year-old Department of Managed Health Care draws praise from consumers and the health industry alike. But time will tell whether the nation's one-of-a-kind health care enforcer will champion necessary systemic reforms in the HMO industry.

By Stephen Robitaille

Health care on the campaign trail

In their own words, gubernatorial candidates Bill Simon and Gray Davis explain their strikingly different approaches to health care issues in excerpts from speeches before the California Medical Association.

Health care access

In two California counties every child is theoretically provided access to a physician. But in reality, scores of children still go untreated or without proper care.

By Maria L. La Ganga

Life without a doctor

A look at five people living with little or no health insurance.

By Kathleen Les

The Indian casino jackpot

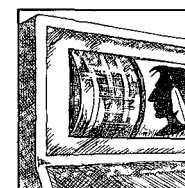
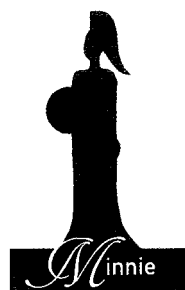
Indian casino interests are becoming some of the biggest political players in Washington. And increasingly, Republicans are cashing in on the issue.

By Peter H. Stone, special from the *National Journal*

DOIT does it again

The latest Oracle scandal isn't the first time the state Department of Information Technology has bungled a multi-million dollar computer contract.

By Alex Gronke



Cover illustration by Sandra Hoover

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umbrage

Darth Nader. Ralph Nader has a new cause. The crusader who brought you consumer activism and the George W. Bush presidency now wants an investigation of pro basketball. Mainly, he's asked the commissioner of the National Basketball Association to look into the way referees handled a pivotal playoff game between the Sacramento Kings and Los Angeles Lakers — won by the Lakers. Unfortunately, he's asked NBA Commissioner David Stern to delve into the controversy, which is a little like asking Ford Motor Company to investigate the Pinto. As *Sacramento Bee* columnist Dan Weintraub harrumphed recently, "The man who helped bring us seat belts, clean water, workplace safety rules and auto insurance regulation believes the NBA has become a defective consumer product." Why does Ralph Nader care? He must be running for mayor of Sacramento.

Conflict of the month.

Capitol Focus held its "California Roast" last month in Sacramento. That's the annual fund raiser that skewers a prominent politician to raise money for Capitol Focus' youth-education programs, and the man on the hot seat this year was supposed to be Assembly Speaker Herb Wesson. But the heat

really landed on Capitol Focus founder and executive director Jim Muldavin because the Roast was held on the same night as a playoff game between the Los Angeles Lakers and Sacramento Kings. Fortunately, attendees were treated to the game via two large television monitors set up to show videos during the Roast program. Unfortunately, Muldavin tried to start that program with five minutes left in a very close game. When his face appeared on the monitors, the booing could be heard in parts of Oregon. To stave off a riot, Muldavin postponed the roasting until just after the Kings secured their victory.

Mainstreamed at last.

That, at least, is the opinion of a federal appeals court, which last month rejected a lawsuit aimed at overturning the 2001 redistricting plan. The suit had been filed by Latino activists, who claimed that the way lawmakers drew new legislative and congressional districts in Los Angeles and San Diego diluted their group's ability to elect officeholders because they divided blocs of Latino voters rather than concentrated them. But as the *Los Angeles Times* reported, the court ruled, in effect, that Latinos no longer suffer the kind of discrimination that requires special protection under the Voting Rights Act. 🏠

An unmatched career.

When Ralph Dills first launched his elective career, Neville Chamberlain was prime minister of England, "Gone With the Wind" was still in production and Ted Williams was nothing more than a heralded minor-league ballplayer from San Diego. That was 1938. During the intervening 60 years, Dills, a Democrat from Los Angeles, served in the Assembly (1938-1949), sat as a municipal court judge (1949-1966) and threw down roots in the state Senate (1966-1998). Even in his final year as a legislator, the 80-ish Dills often presided over floor sessions and chaired the Governmental Organization Committee — one of the upper house's plum assignments. Attorney General Bill Lockyer said that Dills, who died last month at 92, "was always the first to extend a helping hand to those who lacked a voice in the political process." In that vein, he will be remembered as one of only two state legislators to vote against the internment of Japanese-American citizens during World War II (the other was Democratic Assemblyman Jack Shelley, father of Assemblyman Kevin Shelley).



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CALIFORNIA JOURNAL is a monthly, non-partisan, non-ideological analysis of California government and politics established in 1970. The Journal is available on-line through StateNet, Nexis/Lexis and Westlaw. It is indexed in Public Affairs Information Service, New York Times Information Bank, Sage Urban Studies Abstracts and Urban Affairs Abstracts. California Journal (ISSN 0008-1205) is published monthly. Subscription rates: Libraries and Government Agencies, \$59.00; Corporations and Associations, \$95.00; Special Individual rate, \$43.00. Address all inquiries to California Journal, 2101 K Street, Sacramento, CA 95816. Telephone (916) 444-2840. Copyright 2002 by Information for Public Affairs, Inc. Periodicals postage paid at Sacramento. POSTMASTER: Send address changes to CALIFORNIA JOURNAL, 2101 K Street, Sacramento, CA 95816.

Art watch:

Bring on the poetry

"Where art evokes an interplay between poetry & meaning,
where inner-spaces explode with words & worlds
translated into colors, which means anything the
viewer sees
in them, their meaning held inside rooted imaginations,
where they can become other worlds, or sacred
objects pulsating strangeness & beauty"

— Poet Laureate Quincy Troupe

A deficit spiraling upward every day, an Oracle scandal swirling around the governor's office and a high-tech industry no longer able to buoy the state economy. Not to worry, calm is on the way. California just became

one of 24 states with an official Poet Laureate. The honor was bestowed last month on Quincy Troupe, poet, writer and University of California, San Diego professor. Troupe himself came to poetry out of trauma. Many years ago while on his way to becoming a professional basketball player, Troupe turned to poetry after a debilitating injury sidelined him from the basketball court for life. Now he hopes to bring more of the heart-

and body-healing poetry that changed his life to the classroom, the corporate board room and, yes, even to the Legislature. "Poetry humanizes and civilizes," says Troupe.



Photo: Adam Gottlieb

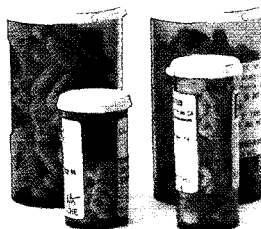
Legislative Watch:

Follow through

Prevailing wisdom is that laws get passed, but never enforced. The state Board of Pharmacy just blew a hole in that one. Last month, Governor Davis announced the first use of pharmacy legislation authored by Senator Jackie Speier (D-Hillsborough) and signed by him in 2000 to nab an Internet pharmacy for unlawfully filling pre-

scriptions without verifying that customers had first been seen by a licensed California physician. The Los Angeles-based Total Remedy and Prescrip-

tion Center II and pharmacists Barry Irvin and William Packer will be fined a combined \$88.7 million. The eight-month investigation by the Board also found customers paid more for "lifestyle" drugs like Viagra, Propecia and Xenical than if they had obtained the drugs through legal channels.



Suburbia Watch:

Slumping fortunes

The words "suburban" and "prosperity" used to be synonymous. Not anymore, according to demographic researchers Myron Orfield and Thomas Luce, whose latest work "California Metropatterns" documents a disturbing trend of growing suburban decay throughout California.

Over half of California's metropolitan population (54%) live in suburbs struggling with declining tax resources and increasing demand for public services. Only 18% of the state's metropolitan population live in the prototype affluent suburb — one that's wealthy, white and full of contentment. In every region of the state, Orfield and Luce found social segregation and fiscal inequality on the upswing. The implications? The suburbs are up for grabs politically, say the researchers. Politicians who disregard the economic and social flux at work in the older and developing suburbs do so at their peril. Check out the full study at www.metroresearch.org.



Look again at MTBE

As the director of a national coalition, Renewable Energy Action Project, I represent almost 40 environmental groups and renewable energy advocates. It's easy to criticize ethanol ["Political Winds and Clean Air", May 2002] as government pork. But in so doing, too many reporters have one eye closed. What's the alternative? MTBE must be replaced at the volume and octane level. So it's either ethanol (at \$1 billion in subsidies annually) or more oil (over \$15 billion annually).

In addition to the obvious reasons for avoiding greater dependence on foreign oil, there's some history to review. What if we let the oil companies choose the octane enhancer of their choice once again, like Senator Dianne Feinstein wants? Well, in the 1920s we got lead. In the 1980s we got benzene. In the 1990s we got MTBE.

Meanwhile, there have been no health or water problems in those so-called farm states that pressured local legislators to mandate ethanol instead. Thanks for writing about opportunities to produce ethanol in California. But please understand that the alternative to ethanol, in general, is far worse.

**Brooke Coleman, Director
Renewable Energy Action Project**

Education power grab

I read your article on AB 2160 ["The Politics of Education: CTA Picks A Fight," May 2002]. One correction: The agreement in San Juan with regard to Special Education is a committee that has seven members with a majority of teachers. For years I have negotiated issues that are "out of scope," that we call professional or technical issues and that have contributed to quality teaching and student learning.

If the district really wants to back up its rhetoric about involving teachers, then let's contractualize it. It was very disappointing to read about our school board and superintendent lacking the courage to stand up to their peers on this issue. They fully support the process when talking to us but bad-mouth it when talking to their colleagues.

**Tom Alves, Executive Director
San Juan Teachers Assn.**

In the article "The Politics of Education: CTA Picks A Fight" [May 2002], Scott Plotkin, executive director of the California School Boards Association, states that the California Teachers Association proposal to expand the scope of bargaining

to curricular issues, "is not about collaboration, it is about power and control." As a teacher and a member of the CTA's board of directors, I have to agree. The administrators and school boards have that power and control, and they will stop at nothing to keep it. They have hired a public relations firm to fight it, called us "union goons," and suggested the end of western civilization as we know it if it should pass — all to stop this heretical idea of teacher participation in the curriculum process.

I, like virtually every teacher, have a horror story about a collaboration with our district on curricular issues that turned out to be a mere pretense of participation.

**Paul J. Markowitz,
California Teachers Assn**

As a retired teacher and CTA activist, I am appalled at your blatant anti-CTA bias. You may not like CTA's political clout (with almost a

third of a million members), but it is a fact. Even if you oppose AB 2160 on its merits, it is not responsible to use a loaded term like "grab" on your cover when a more neutral "attempt" would be fairer.

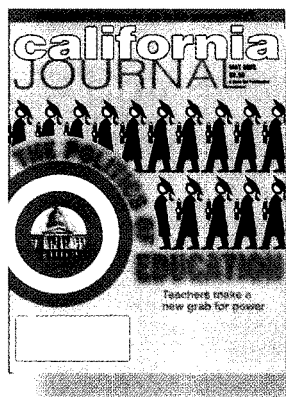
If teachers were fully included in local decision making, which they are not, there would be no need for this bill. "Meet and confer" is more likely to be "meet and defer." In many districts where there are curriculum and textbook selection committees, the teachers involved are handpicked by the administration rather than chosen by their peers. And more often than not, their input is ignored. If we expect doctors to make medical decisions, why is it farfetched to have teachers make educational decisions?

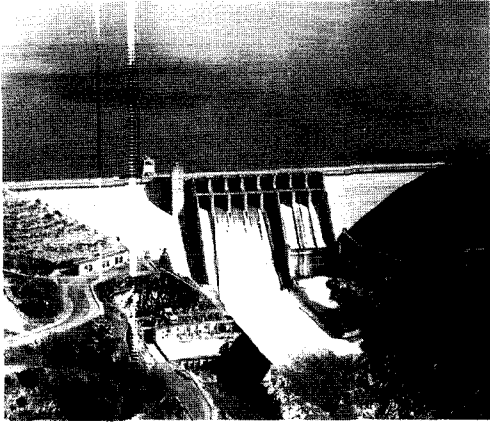
**Roberta Hollowell
Santa Rosa**

CHP deserves better

Just when Californians were most desperate about the Legislature's capacity to close a \$17 billion budget gap, you ride to the rescue with a brilliant suggestion: save a whopping \$40,000 by eliminating the CHP magazine, a morale booster and recruitment tool for the finest front line law enforcement people in California! If only you had bothered to read the excellent article on the growth of the state budget that appeared in the same issue of the *California Journal* ["Whither Prosperity," May 2002], you would see that the billions of dollars spent on new programs in recent years make a far superior target than the CHP magazine.

**Jerry M. Haleva, President
Sergeant Major Associates, Inc.**





Folsom Dam

Agua control

A provision in the \$3.4 billion water bond coming before voters in November will help protect water, literally. Tucked inside the measure is \$50 million to help fortify water facilities against acts of terrorism. Not that local agencies haven't already begun beefing up access control. The Association of California Water Agencies surveyed its members earlier this year and found many already have a head start on securing their facilities. With some spending up to \$1 million each, local agencies have been installing security gates, improving lighting and increasing water quality testing.

fallout

Criminal disaster

The California Victim Compensation and Government Claims Board is no stranger to dealing with victims of crime. Last year the board paid out \$86 million after receiving a record 50,000 applications. Money provided so far to California families of Sept. 11 victims is just a small fraction by comparison. But the board's involvement with survivors related to Sept. 11 victims is unique. "Except for the Oklahoma bombing, there's never been a disaster that was also a crime," said Christie Munson, spokeswoman for the board. Used to dealing with social service agencies, the board for the first time got acquainted with FEMA, the Red Cross and other disaster relief organizations to better help those left behind in the Sept. 11 tragedy.

California post 9/11

16: Californians lost in WTC collapse

41: Californians lost in 9/11 air crashes

25: Californians who survived WTC collapse

\$1.3 million: Compensation to surviving victims and families in CA

\$1 million: CA compensation to NY state

\$2.75 million: Available to counties for mental health counseling

\$5.5 billion: CA request to Congress for anti-terrorism measures



Berkeley, circa 1964. A Bancroft Library photo.

Open classroom

After the assault on the World Trade Center by Muslim extremists, college students everywhere were hungry for knowledge about the culture, history and politics of the Middle East. Nowhere has that need been more satisfied than at the University of California, Berkeley, where more than 30 courses this spring offered a tie-in to all things Middle Eastern. An Ethnic Studies course looked at the American Muslim identity from a racial and geopolitical perspective, a Japanese class delved into the subject of revenge and survivor guilt and a Near Eastern Studies course explored the history of Afghanistan. But when 26-year-old Snehal Shingavi organized an English 1A class on "the politics and poetics of Palestinian resistance" to be held this fall, school officials drew the line. Not anything to do with the course content, but because Shingavi issued a warning with the course description encouraging conservative thinkers to stay away. No way, not at the school that led the 1960s Free Speech Movement, said university officials. In a terse and apologetic announcement, the university's English Department reversed the statement and announced anyone is welcome to sign up.

California Journal's seventh biennial salute
to the Legislature's best and brightest

THE MINNIE

By A.G. Block

A dozen years ago, the editors of *California Journal* set out to define "the good legislator." To do so, we identified the traits and skills considered necessary to become an effective and respected member of the Legislature. We also named the specific legislators who best practiced those skills.

The Minnie Awards evolved from that effort.

The concept of the Minnies — of "a good legislator" — also has evolved over the years. We no longer focus on the most powerful legislators. Otherwise, we would name the speaker of the Assembly or president pro tem of the Senate as legislator of the year — every session. While we acknowledge that legislators need to raise money and to bring

AWARDS



projects to their districts, the Minnies recognize something else. And while we also understand that the purpose of the Legislature is lawmaking, we do not single out those with the biggest bill load or the longest list of measures signed into law.

In naming the Legislature's elite, we use a more elusive standard — a pattern of conduct, an outlook, a demeanor that exemplifies what we consider the best kind of public service.

The Minnies are named after Minerva, the goddess of wisdom who graces the state seal and whom the *Journal* adopted long ago as "Aunt Minnie" — California's equivalent to "Uncle Sam." The awards were first unveiled in March 1990 and were based on an extensive survey sent to



There are good, hard-working, decent people in public office, and they deserve to be recognized.

more than 1,000 Capitol insiders — legislators and their staff, lobbyists, administration officials and members of the media. Each was asked to rank every member of the Legislature from 10 (best) to 1 (worst) in categories the editors felt represented essential traits: integrity, intelligence, effectiveness, energy, flexibility, conviviality and potential. The categories themselves were designed to measure competence — or lack thereof — in Sacramento and not to assess how well a particular lawmaker performed in his or her district, where success is measured at the ballot box. More than 220 insiders responded to that first survey, providing a broad cross section of views.

Once surveys were returned, scores were compiled to determine how each member stood in each category. Rankings in the first four categories were combined to determine the top overall legislator in the Senate and Assembly. In 1990, that turned out to be a pair of Democrats: Senator Bob Presley of Riverside and Assemblyman Lloyd Connelly of Sacramento. Because the surveys produced numerical scores, members from each house were ranked against each other, producing a “bottom 10” as well as a top 10 in each category.

Similar surveys determined recipients of the first four Minnie Awards (1990, 1992, 1994 and 1996). But those surveys, and the rankings they produced, were really subjective judgments masquerading as objective declarations of relative value. In 1998, we abandoned the survey and changed the process of evaluating legislators. Instead of surveys, the awards were based on lengthy interviews with lawmakers, staff, lobbyists and media (see *CJ*, April 1998, for a more complete explanation for the change). As a result, the magazine no longer compiles detailed rankings of every member of the Legislature. Instead, we identify those considered at the top of the current categories — plus a few at the bottom in one pivotal area, integrity.

We employed the same subjective process for the 2000 and 2002 Minnies, although this year we supplemented the effort with an e-mail survey sent to each of the 120 legislative offices. We asked the member and staff from that office to participate in an anonymous “advisory survey” by listing their top three members in each category. Forty out of 120 offices responded.

The categories themselves have been reshaped over the years to reflect more accurately the changing nature of the Legislature. In 1990 the Legislature was relatively stable, populated with veteran lawmakers and a sprinkling of newcomers. Insiders who participated in the Minnies’ survey had been observing most of them over the

course of many years and understood the capabilities and deficiencies of each member.

But the legislative universe was altered only months after those first Minnies appeared when voters passed Proposition 130 in November 1990, imposing term limits and wiping out the Legislature as a career path. The Minnies, too, evolved to reflect more accurately the requirements of this changed and more volatile Legislature.

This year, for instance, we have done away with “intelligence” as a category, replacing it instead with “quick study.” In a world where tenure is finite, new members must scramble for position and experience in double time. They must quickly size up not only a dizzying array of policy issues but also the Legislature itself; to understand how things work, and which members make them work. We also eliminated “effectiveness” and/or “influential” as categories because we found over the years that only legislative leaders were routinely cited at the top of those categories. We accept as a given that Senate President pro Tempore John Burton (D-San Francisco) and his Republican counterpart, Minority Leader Jim Brulte of Rancho Cucamonga, are the most effective and influential members of the Senate.

The current Minnie Awards are given in five categories: “integrity,” “quick study,” “hard working,” “problem solving” and the newly reinvented “potential.” The last category has been dropped and reinstated periodically over the years, but it takes on new meaning under term limits, for it requires insiders to identify who among the crop of rookies and sophomores likely will constitute the next wave of legislative leaders — the next speaker, the next pro tem, the next legislative stars.

The 2002 Minnie Awards are the result of more than 60 detailed interviews, plus 40 e-mail surveys returned by legislative offices. As in past years, all interviews were conducted on a not-for-attribution basis on the assumption that this would provide more candid answers.

Does a survey of this nature have value?

We believe it does. We believe it is useful and necessary for citizens to know who among their elected legislators are best qualified.

It is easy these days to think ill of government. This is a time when scandal and mismanagement dominate the headlines, and when the influence of money on the process taints public perceptions of how both federal and state governments work. Thus, it has become publicly fashionable to denigrate the Legislature and those who serve it. By association, it also has become fashionable to disparage the notion of public service and to dismiss the men and women who gin up their ambitions to run for elected office.

As the following pages demonstrate, that attitude does an injustice to many who serve. There are good, hard-working, decent people in public office, and they deserve to be recognized. 🏛️

Minnie interviews were conducted by A.G. Block, David Leshner, Kathleen Les and La Ronda Bowen-Fruin. Comments on these articles may be sent to edit@statenet.com.

LEGISLATOR OF THE YEAR



Assemblyman Fred Keeley (D-Boulder Creek)

To single out one lawmaker as preeminent among the 120 men and women who serve in the Senate and Assembly is to set a standard against which the Legislature itself is measured; in essence, to say, "This, then, is what a legislator ought to be." Leadership alone is not enough. Intelligence is not enough. Integrity and hard work are not enough. Even a strong record of having bills passed into law is not enough. There are also intangibles: respect for the institution, empathy, a core set of values, the capacity to listen, the strength to take risks and to set aside one's ego and ambition for the greater good, a willingness to help solve the state's most vexing problems, the vision to identify solutions and the drive and skill to see them through to conclusion.

Above all, there must be a message in the legislative life of a lawmaker that resonates through the Capitol and beyond, a dedication to public life for the sake of public service.

The choice for 2002: Fred Keeley, Democrat from Santa Cruz County and speaker pro tempore of the state Assembly.

There were other notable candidates. During interviews for these Minnie Awards, Capitol insiders repeatedly called attention to a trio of legislators whose skills, intelligence and dedication placed them near the top of every category considered essential to a good legislator — Keeley, Senator Sheila Kuehl (D-Santa Monica) and Assemblyman Darrell Steinberg (D-Sacramento). All three received high praise for their integrity, hard work, intelligence and problem-solving skills. They, especially, met the standard: "This, then, is what a legislator ought to be." Those three became finalists.

Mentioned also in most categories were Senators John Burton (D-San Francisco) and Jim Brulte (R-Rancho Cucamonga), who were regarded as significant players because of their long experience and because each heads his party caucus and thus is at the hub of every meaningful legislative battle.

In the end, the decision to choose Keeley came down to another question: Which legislator had the greatest overall impact on the legislative session? In the view of those we surveyed, the answer was Keeley.

As observers from both parties noted, the 52-year-old Democrat seemed to be at the center of virtually every important issue facing the Legislature, especially hearings

prompted by scandals at the Departments of Insurance and Information Technology that shook public confidence in government; and in legislative efforts to deal with the energy crisis and the budget deficit.

"Every time we have a big problem in the state, you're going to find Fred Keeley in the middle of solving it," said a Democratic colleague. "Everybody respects him."

Said another: "Day to day, he finds his way into more issues. He knows how to play the inside game, not in an insidious way but to provide real leadership."

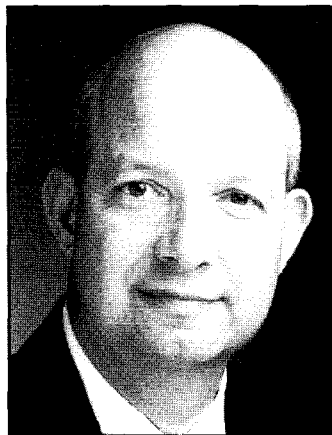
"He will be the most missed member of those termed out of the Legislature," a third member remarked. "Over the past two years, he has become the most indispensable member of the house. People depend on him because he has a great policy head and a great analytical mind."

And from a key legislative staffer: "I've seen him in a variety of situations — budget subcommittee, resources subcommittee, as speaker pro tem, on the Assembly insurance investigation and on energy. He was the point on so many different issues."

That Keeley performed well as a legislator is not surprising. He first came to the Legislature in 1984 as chief of staff to then-Assemblyman Sam Farr (D-Carmel), learn-

ing the business of legislating in between weekly commutes from the district to Sacramento. Once elected, his staff experience helped propel him into leadership because then-Speaker Cruz Bustamante — himself a former legislative chief of staff — understood that Keeley knew the ropes. Keeley honed his skills as a negotiator and problem-solver during eight years as an elected member of the Santa Cruz County Board of Supervisors that began in 1988. He was elected to the Assembly in 1996, succeeding Republican Bruce McPherson, who had moved on to the state Senate.

As an Assembly member, Keeley built a reputation as the Assembly Democrats' "good soldier," the member willing to tackle the toughest knots on behalf of leadership. "Fred's magic is his ability to delve into complicated subject matter and grasp it in a way that makes it understandable to ordinary people," said Farr, who recently honored Keeley with a resolution on the floor of the U.S. House. "He has an ability to stick to an issue and follow it through, and he never gets discouraged. His style is always to inform people, even his opponents. He's inclusive and not conten-



Fred Keeley

tious and appeals to the common good in everyone."

In terms of policy, Keeley is regarded as a "pragmatic liberal" who has focused much of his attention on the environment, as befitting someone who represents one of the world's most beautiful coastlines. He lists his most significant legislative accomplishment as the Marine Life Management Act, passed in 1998 and signed into law by then-Governor Pete Wilson. But Keeley is not a one-trick pony when it comes to legislative goals, and most observers called attention to the breadth and heft of his agenda. "He handled more substantive legislation than any legislator in either house," said a former member, now a lobbyist. "In energy, for example, he tried to make sense of an incomprehensible mess in the middle of a crisis."

Added a veteran legislative committee consultant: "[His] advocacy of environmental justice, the presentations he made, was emblematic of the fact that bills he carries have core values inside them. He harnesses his political values on behalf of the values he thinks are important."

"He's here for the right reasons," said a lobbyist. "He won't cave on issues. He carries big bills and gets them passed."

Despite his sterling record, Keeley also is a poster boy for the maxim that "no good deed goes unpunished." Termed out in 2002, his political future remains unsettled thanks to the 2001 redistricting plan that left him few options. The local congressional district is still held by Farr. More significant, the Senate district that could have been fashioned for him — essentially a duplicate of the one now held by McPherson — was dismembered in order to accommodate a Central Valley seat for Democrat Dennis Cardoza. Keeley's Assembly district was split, the bulk of it merged into a Senate seat crafted for a Republican, while his hometown was stapled to the bottom of a district centered on the Silicon Valley where Keeley himself is

virtually unknown. Adding insult to injury, Cardoza chose not to seek the Senate, running instead for Congress against incumbent Democrat Gary Condit, whom he defeated in the March primary.

With his legislative career winding down, Keeley harkens back to a promise he made to himself at the outset of that career. "I wanted to leave the Legislature with my reputation and integrity intact," he said recently. "That has been my guiding principle for the past five-and-a-half years."

As he considers his options, Keeley can take pride in the fact that his peers, both inside and outside the Legislature, feel he kept that promise. He leaves the institution, it was noted time and again, having set an extraordinary standard for future legislators.

The Legislature's Elite:

Senator Dede Alpert (D-Coronado), Assemblywoman Dion Aroner (D-Berkeley), Senator Jim Brulte (R-Rancho Cucamonga), Senator John Burton (D-San Francisco), Senator Joe Dunn (D-Santa Ana), Senator Sheila Kuehl (D-Santa Monica), Assemblyman Bill Leonard (R-Redlands), Assemblyman Darrell Steinberg (D-Sacramento).

1998 Legislator of the Year:

Senator Bill Lockyer (D-Hayward): current attorney general of California.

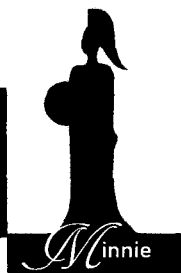
2000 Legislators of the Year:

Senator Jim Brulte (R-Rancho Cucamonga): current Senate Republican leader.

Senator John Burton (D-San Francisco): current Senate president pro tempore.

Senator Steve Peace (D-El Cajon): termed out in 2002 and returning to private life.

ROOKIE OF THE YEAR



Keith Richman (R-Northridge)

On Day One in the Capitol, a rookie legislator confronts his or her first challenge — Mount Everest, otherwise known as the "legislative learning curve." Way up beyond the boundary of the human eye lies the summit, shrouded in a fog of policy and politics. There is no time to consider the folly of having sought the job; the climb must begin,

quickly and with as few missteps as possible. Guides? A handful — "veterans" who themselves have yet to negotiate a route to the top.

Consider the policy basics that must be absorbed: education, transportation, local-government funding, workers' compensation, tax policy, water use, environmen-

tal protection, agriculture, e-commerce, the state budget, long-term debt, health-care reform, land-use management, urban growth, energy deregulation, public safety, bioterrorism, insurance regulation and on and on and on. Consider, too, the political subtleties and nuances of law-making: Who among colleagues may be trusted and who has a hidden agenda? How do you set up an effective fund-raising operation? How do you deal with lobbyists? How do you find, hire and establish a working relationship with competent staff? How do you convert an idea into a bill, then marshal support for it? How do you deal with the media? How do you secure a good array of committee assignments? How do you go about securing a chairmanship?

No wonder the Freshman Class theme song is that old Muppets' tune: "It Isn't Easy Being Green."

As in any universe, some arrive better prepared than others for the rigors and demands of legislative life, while some develop the skills and master the challenge faster than their colleagues. Who among the current crop of rookies is regarded as the head of the class?

Two years ago, the answer to that question was a slam dunk; nearly all those interviewed for the Minnie Awards singled out Assemblyman Darrell Steinberg (D-Sacramento), who became a unanimous Rookie of the Year. A few others received secondary attention: Senator Joe Dunn and Assembly members Dean Florez, Gloria Romero and Herb Wesson — Democrats all.

The dynamic has changed this year, where all of the Legislature's 30 rookies sit in the Assembly: 20 Democrats and 10 Republicans. (First-term senators who crossed over from the Assembly, such as Sheila Kuehl, are not considered freshman legislators, nor are senators such as Dunn, who were elected to their first terms in 1998.) Ten different rookies were mentioned repeatedly in interviews and in the e-mail survey, and no consensus candidate emerged. Of the 10, eight are Democrats, which highlights the disadvantages faced by Republicans when it comes to evaluating performance and potential.

Challenges faced by newcomers are compounded for members of the GOP caucus who, insiders note, have fewer resources at their disposal than do majority Democrats and limited opportunities to display their talents. For instance, rookies now chair nine of the Assembly's 31 standing policy committees. Eight of those chairmanships — including powerhouse panels such as Rules, Budget, Governmental Operations and Revenue and Taxation — are held by Democrats. Only one, Aging and Long-Term Care, is headed by a Republican (Lynn Daucher of Brea).

Despite the drawbacks, the freshman most often cited was a Republican — Keith Richman of Northridge. A physician, Richman represents the 38th District in Ventura and Los Angeles counties. Not surprisingly, his focus has

been health, and he is generally credited with taking the lead on expanding health care to the working poor — despite his minority status. To help further those goals, he has forged alliances with Democrats such as state Senator Liz Figueroa (D-Fremont).

"He's the first Republican since Ken Maddy to address the issue of the uninsured," said a lobbyist familiar with his work. "[He] forced the Democrats and the governor to deal with that issue, and that was courageous."

Said a committee consultant: "[Richman] tries to put something together. In his first year up here, he said we have to extend health care to more people. I thought that was a pretty good-size nut sack, considering the guy was a Republican."



Keith Richman

Richman also tackled the problem of investing in the state's infrastructure — a yawner of an issue, yet one critical to the state's future. Again, he joined with a Democrat, fellow Assemblyman Joe Canciamilla (D-Pittsburg), to co-author a constitutional amendment that plows a designated percentage of the state General Fund into spending on infrastructure.

"He's an open-minded, independent problem-solver... a very, very capable guy," said a longtime consultant. "For him to move up in leadership would require his caucus to look beyond his voting record."

In terms of politics, Richman is considered by most observers to be more moderate than the majority of his Republican colleagues, yet he was tapped for the post of assistant Republican leader. "He's really too far to the left for his caucus," said a Democratic colleague, "but he'll stir the pot as much as he can." The 49-year-old lawmaker and father of two also has been touted as a potential mayor for the new city that would emerge if the San Fernando Valley secedes from the City of Los Angeles — a secession to be decided on this November's ballot.

"He's smart, and he gets the system intuitively," said a lobbyist. "He is hampered by the fact that he's a Republican, and that makes him cautious. But he is one member who could accomplish a lot in six years."

Top of the Class:

John Campbell (R-Irvine), Wilma Chan (D-Oakland), Judy Chu (D-Monterey Park), Dario Frommer (D-Los Feliz), Jackie Goldberg (D-Los Angeles), Joe Nation (D-San Rafael), Jenny Oropeza (D-Long Beach), Fran Pavley (D-Agoura Hills), Joe Simitian (D-Palo Alto).

1998 winner:

Carole Migden (D-San Francisco): Termed out in 2002 and a candidate for State Board of Equalization.

2000 winner:

Darrell Steinberg (D-Sacramento): Chairman of Assembly Appropriations Committee.

Integrity is the Legislature's coin of the realm, for it implies that a member is true to his or her word and can be trusted. Although each member assumes that he or she has integrity, others may have experiences that cast the member in a different light. Which members are regarded as true to their word? Who is seen to have a moral center, a value system, a sense of personal ethics that guides his or her every action? Which members are genuinely respected, even by those who disagree with them on issues and solutions? Conversely, which members are seen as having hidden agendas or have a reputation for renegeing on commitments?

SENATE

Deirdre "Dede" Alpert (D-Coronado)

This marks the second consecutive Minnie for Dede Alpert, who consistently was praised during interviews and ranked near the top in the e-mail survey sent to legislative offices. Alpert has two more years in the Legislature before term limits end her Senate career. In the meantime, she chairs the Senate Appropriations Committee, where her conduct and approach are regarded as exemplary. The very close runner-up was Democrat Sheila Kuehl of Santa Monica, who topped the Assembly's "integrity" category in 2000.

"Alpert has great interpersonal relationships with members. She is compassionate, reasonable, and has empathy and understanding for other people's views. She is one of the Legislature's great diplomats."

"[As Appropriations chair,] she's a fair broker and operates from the principle of fairness. We haven't always had Appropriations chairs with that in mind."

"No one ever asks of Dede Alpert, 'What's she up to?'"

Golden pedigree:

Debra Bowen (D-Marina del Rey), John Burton (D-San Francisco), Joe Dunn (D-Santa Ana), Sheila Kuehl (D-Santa Monica), Chuck Poochigian (R-Fresno), Byron Sher (D-Palo Alto).

Seen as tarnished:

Richard Alarcon (D-Sun Valley), Mike Machado (D-Linden), Don Perata (D-Oakland), Richard Polanco (D-Los Angeles).

2000 winner:

Deirdre Alpert.



Dede Alpert



Darrell Steinberg

ASSEMBLY

Darrell Steinberg (D-Sacramento)

Now in his second term, Darrell Steinberg has emerged in the front rank of legislative leadership as chairman of the Assembly Appropriations Committee. Two years ago, Steinberg was a near unanimous choice as the Legislature's "Rookie of the Year" and was mentioned as a potential candidate for speaker. He was hampered in that quest, one insider remarked, by having "human boundaries." Translation: He does not self-promote and places family among his most important priorities — an asset when it comes to this Minnie.

"If you look at this house, he is the one most point to as having a strong sense of decency and integrity. He is an extraordinary person, and this gives him resonance with other members. His advice is trusted."

"His integrity is annoyingly intact at every moment of the day."

"He approaches everything with integrity. You don't get the feeling he makes decisions based on campaign contributions. The work has a strong intellectual appeal, regardless of the campaign-contribution consequences."

Golden pedigree:

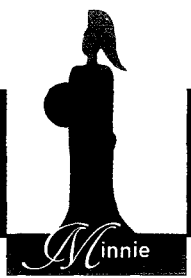
Dion Aroner (D-Berkeley), Fred Keeley (D-Boulder Creek), Bill Leonard (R-Redlands).

Seen as tarnished:

Tom Calderon (D-Montebello), Marco Firebaugh (D-East Los Angeles).

2000 winner:

Sheila Kuehl (D-Santa Monica): Now in her first term in the state Senate.



The business of legislating — in a sense, the business of a democratic form of government — is solving problems by reaching consensus among those who approach those issues from differing points of view. Which members are noted for bringing diverse sides together to find common ground? Who works to build bridges among warring factions? Who will work across the aisle to help move legislation forward, or to push past an obstacle? Who tries to work within his or her own caucus to promote an unpopular idea?

SENATE

Jim Brulte (R-Rancho Cucamonga)

Yes, Virginia, Republicans do matter, despite a Democratic stranglehold on the governorship and both houses of the Legislature. Republican votes are needed to pass any legislation that requires a two-thirds vote super-majority, such as the budget and most of its trailer bills. According to most insiders, GOP significance is enhanced because of Jim Brulte, the party's leader in the Senate, who uses his considerable political skills to orchestrate Republican relevance. It is the reason that this award is a three-peat for Brulte.

"He inherited [former GOP Senator] Ken Maddy's mantle of reasonableness and collegiality. He doesn't get lost in trivia; he sticks to the big issues."

"He is one of the best politicians in the Capitol and gets involved with all major legislation. He knows the tenor of the place better than anyone, although much of his involvement is behind the scenes. Still, his fingerprints are everywhere."

"He sets the tone for what the Republicans can and can't do. He stands between the ideologues and the pragmatists and picks his fights well."

"It's remarkable what he can get done, given that he's stuck in Republican hell."

Bridge-builders:

Dede Alpert (D-San Diego), John Burton (D-San Francisco), Joe Dunn (D-Santa Ana), Sheila Kuehl (D-Santa Monica), Charles Poochigian (R-Fresno)

2000 winner

Jim Brulte



Jim Brulte



Darrell Steinberg

ASSEMBLY

Darrell Steinberg (D-Sacramento)

No measure of Darrell Steinberg's growth as a legislator is more telling than his universal recognition as one of the Legislature's premier problem-solvers. When Steinberg arrived in the Assembly two years ago, he was regarded as a liberal too closely aligned with labor. At the time, many questioned whether he could fashion the kind of compromises necessary to build a record of accomplishment. Those questions have been answered.

"I've never seen anyone with his mediator skills. In meetings with 20 people, he was a good listener who could pull it all together and find the middle ground. His level of patience is amazing. He kept driving toward a deal for months, even though it was a complicated bill where everybody was outspoken. His willingness to suit up and show up is rare."

"He has an uncanny ability to identify with everyone, even those he disagrees with. He can see where they come from, and that makes him good at finding the common ground."

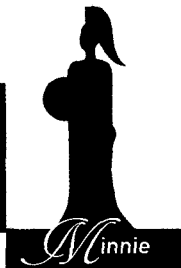
"He is the complete [problem] solver. As Appropriations chair, he will have touched every major bill, including the budget, as a [conference committee member], and he's involved in the negotiations over every single piece."

Bridge-builders:

Dion Aroner (D-Berkeley), Bob Hertzberg (D-Los Angeles), Fred Keeley (D-Boulder Creek), Bill Leonard (R-Redlands), George Runner (R-Lancaster).

2000 winner:

Bob Hertzberg (D-Los Angeles): Termed out in 2002 and returning to private life.



The cliché that best describes hard work these days is “24/7” — a catch phrase that means a person is always on the job. Most legislators are “24/7,” even though their efforts may not be on display inside the Capitol. For instance, many spend time catering to constituents or “working the district,” efforts often invisible to legislative insiders. Others now spend countless hours on campaigns for higher office. This Minnie Award is designed to recognize those who roll up their sleeves inside the Capitol, regardless of the cause. It also encompasses more than pure energy; it involves accomplishment — either positive or negative.

SENATE

Joe Dunn (D-Santa Ana)

The Senate is loaded with members who “earn their pay” with long hours and week-ends away from home and family; Jim Brulte, Steve Peace and Jackie Speier come to mind, for instance. But even in this exalted company, most insiders identified Joe Dunn as the Senate’s version of a whirling dervish. His work on energy and the Enron hearings were particularly singled out, as he orchestrated hearings in Sacramento while logging time on red-eye flights to Washington, D.C., to appear before congressional committees investigating the same issue.

“He’s tenacious and hard-working but seems to be able to retain a gracious approach. He never seems to slack off once he’s into something.”

“He may not be well recognized, but I don’t know when he’s not working.”

“The guy is very bright and fast, but he also puts in the time. He just uses ‘fast’ to get more work done. Some are very fast but ... get less done. Dunn uses high-volume capacity [for work] to do more.”

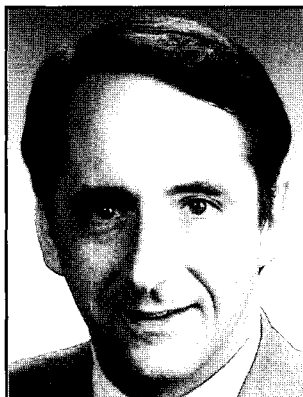
The “24/7” crowd:

Dede Alpert (D-San Diego), Debra Bowen (D-Marina del Rey), Jim Brulte (R-Rancho Cucamonga), John Burton (D-San Francisco), Sheila Kuehl (D-Santa Monica), Steve Peace (D-El Cajon), Jackie Speier (D-Hillsborough).

2000 winners:

Jim Brulte (R-Rancho Cucamonga): Senate Republican leader.

Steve Peace (D-El Cajon): Termed out in 2002 and returning to private life.



Joe Dunn



Fred Keeley

ASSEMBLY

Fred Keeley (D-Boulder Creek)

Fred Keeley overachieves in a house populated with over achievers. In addition to presiding over Assembly floor sessions as speaker pro tem, the Santa Cruz County Democrat has devoted countless hours to some of the Legislature’s most time-consuming efforts: the Quackenbush scandal, the energy deregulation mess, a series of budgets and, currently, hearings into the awarding of a controversial computer-software contract to Oracle.

“The hardest-working man in show business.”

“He’s willing to devote a lot of time to problems and see them through. He certainly has a lot to show for his efforts.”

“I think he’s been cloned. He can’t have taken on all that he’s done over the past two years — all those special projects that the past three speakers have dumped in his lap — without working 40 hours a day. On top of that, he runs the [Assembly] floor sessions.”

The “24/7” crowd:

Dion Aroner (D-Berkeley), Jackie Goldberg (D-Los Angeles), Bob Hertzberg (D-Los Angeles), Darrell Steinberg (D-Sacramento).

2000 winner:

Bob Hertzberg (D-Los Angeles): Termed out in 2002 and returning to private life.



Legislative leadership these days is a revolving door. With tenure staked out by the boundaries of term limits, future leaders begin to emerge almost immediately among rookies, while credentials for leadership must be firmly established before a member's second term begins. Who do insiders consider the "comers" among the current crop of first- and second-year legislators?

SENATE

Joe Dunn (D-Santa Ana)

Sheila Kuehl (D-Santa Monica)

Sheila Kuehl was universally recognized as the front runner for Senate president position once Democrat John Burton is termed out in 2004. No other member of the Senate Democratic Caucus combines Kuehl's package of hard work, smarts, political savvy, collegiality and trustworthiness — to which she has now added fund raising. At the same time, most Capitol watchers also cautioned, "Keep an eye on Joe Dunn," whose breadth of talents have only recently emerged. It is generally considered that Dunn, whose Orange County district is not considered politically safe, is more interested in running statewide — likely for attorney general in 2006 — than in seeking legislative leadership.

"With [Kuehl's] combination of integrity, smarts, energy, courtesy to her colleagues and ability to raise money, you have to think of her as the favorite to become president."

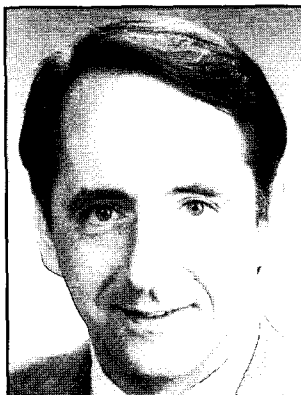
"[Kuehl] took all the good things she learned in the Assembly and brought them to the Senate. She has a wide policy breadth and really strong policy skills ... she is not a one-dimensional legislator."

"[Dunn] knows how to settle a deal, and his temperament is refreshing. He is not pompous and has no big ego."

"What [Dunn] has done with the Enron investigations has national implications."

Senate Comers:

Jim Battin (R-La Quinta), Martha Escutia (D-Los Angeles), Charles Poochigian (R-Fresno).



Joe Dunn



Sheila Kuehl



Jenny Oropeza

ASSEMBLY

Jenny Oropeza (D-Long Beach)

Even in a term-limited Legislature, it is unusual for a rookie to assume the chairmanship of a key policy committee. But Jenny Oropeza took the helm of the Assembly Budget Committee midway through her first term. According to many insiders, Oropeza is particularly well-positioned because she is a Latina and wants the brass ring.

"She went after the ugliest job of the year [Budget chair]. She worked [Assembly Speaker Herb] Wesson hard to get that chair, and she didn't hunk people off doing it. She's good at channeling her ambitions to get what she wants."

"In the budget, she identified the end game right away. I didn't expect her to articulate that so quickly in such a new light. I totally underestimated her."

Assembly comers:

John Campbell (R-Irvine), Wilma Chan (D-Oakland), Dario Frommer (D-Los Feliz), Christine Kehoe (D-San Diego), Joe Nation (D-San Rafael), Keith Richman (R-Northridge).

In previous Minnie awards, this category was called “intelligence.” But raw brain power isn’t enough in an era where legislative tenure is limited and members must come up to speed quickly on a dizzying array of issues — both substantive and political. Thus, intelligence is one element of “quick study,” but not the only one. Quick study refers not only to the ability to size up an issue, but also to the ability to size up other members; “street smarts,” as one insider put it. Who comes up to speed quickly on issues? Who can read other members as well as read a bill? Who immediately understands the politics behind an issue in addition to its policy ramifications?

SENATE

Sheila Kuehl (D-Santa Monica)

When she served in the Assembly, Sheila Kuehl dominated this award, having won it both in 1998 and 2000. Now, she has taken her act to the Senate where she has complimented her native intelligence with a more polished and aggressive approach to politics. Not only does she understand what it takes to create legislation, she has used her smarts to rally liberals as a powerful counter force to the influence of moderate Democrats. As such, she is regarded as the odds-on favorite to become Senate president pro tempore once John Burton steps aside.

“I’ve never seen anyone like her. Her ability to assimilate information is amazing. She can take information to the next three or four steps and can articulate arguments of the other side. She really thinks about the subject matter herself and doesn’t defer to others.”

“She’s a dangerous liberal because she’s smart and works the system. She is the one member the business community fears most because she has tenacity. She’s also the one member the *Democrats* fear most because her focus on social issues is divisive by nature and forces them to make uncomfortable votes.”

Fast and adroit:

Debra Bowen (D-Marina del Rey), Jim Brulte (R-Rancho Cucamonga), John Burton (D-San Francisco), Joe Dunn (D-Santa Ana), Tom McClintock (R-Thousand Oaks), Steve Peace (D-El Cajon), Byron Sher (D-Palo Alto), Jackie Speier (D-Hillsborough).

2000 winner:

Steve Peace (D-El Cajon): Termed out in 2002 and returning to private life.



Sheila Kuehl



Fred Keeley

ASSEMBLY

Fred Keeley (D-Boulder Creek)

Fred Keeley ought to be a quick study. After all, he has been hanging around the Legislature for more than 20 years, first as chief of staff to then-Assemblyman (now Congressman) Sam Farr and, since 1996, as a legislator. He also did an eight-year stint as a Santa Cruz County supervisor, which honed his skills as a negotiator who is able to quickly size up a situation and the players involved on all sides of a dispute.

“He has handled very difficult legislation and seems to get up to speed very quickly and go to the essence of an issue. He understands the politics of how to make things happen.”

“When you get something complex, with subtlety and nuance, he’s the one that can quickly step in and figure it out.”

“He seems to have a real intuitive understanding of the policy issues related to just about everything he works on.”

“Even outside his area of expertise, he is extremely quick and able to pierce to the core, then grasp the politics.”

Fast and adroit:

Dion Aroner (D-Berkeley), John Campbell (R-Irvine), Jackie Goldberg (D-Los Angeles), Bob Hertzberg (D-Los Angeles), Bill Leonard (R-Redlands), Carole Migden (D-San Francisco), Darrell Steinberg (D-Sacramento)

2000 winner:

Sheila Kuehl (D-Santa Monica): Quickest study in the Senate.

Mayor Keith Richman?

K eith Richman! You have just been named "Rookie of the Year." Whadda ya gonna do now? Well, Assemblyman Richman is probably *not* headed for Disneyland. At this writing, the Northridge-based Republican is considered a potential candidate for mayor of a new, as yet unnamed, city created if the San Fernando Valley secedes from the City of Los Angeles.

Approval of the Valley's "divorce" from L.A. requires the support of a majority of voters in the city as a whole, as well as in the area wanting out. The issue will be settled by Los Angeles voters in the November general election (as will Hollywood's drive to split off from L.A.). On that same ballot, Valley voters will elect the mayor and city council members who will govern the new entity — should Angelenos decide to let the Valley go. They will also join fellow Californians in voting for their state legislators.

Richman is running for re-election to his Valley-centric Assembly seat. But he could decide to file for the Valley mayoral race as well. It would be perfectly legal to run for both offices, according to a state elections expert.

If Valley secession passes and Richman were to be elected mayor and win re-election to the Assembly at the same time, he'd merely have to choose which office to assume, vacating his state legislative seat if he chose local government. In a term-limited house, rookie Richman's skills are particularly valuable and, even though he's in the minority party, he'd likely make his mark in Sacramento — if he stuck around. That's the Sacramento take.

But from a Southern California perspective, the buzz around Richman highlights the possibility that Valley secession might be just what the GOP needs to reverse its anemic political fortunes. Like Richard Riordan, who managed to wrest the L.A. mayor's office from the city's dominant Democrats for two terms, Richman is a pro-choice moderate; he has Valley roots and Valley strength. With secession and a candidate in the Riordan/Richman mold, Republicans will have a fighting chance to capture what would become the state's second largest city — and the nation's sixth.

According to the *Los Angeles Times*, the Valley city's population would be 43 percent Latino, 41 percent white, 9 percent Asian/Pacific Islander and just 4 percent black. (Conversely, census data

shows the population of L.A. as a whole to be 47 percent Latino, 30 percent white, 10 percent Asian/Pacific Islander and 11 percent black.)

Indicative of the strong Latino presence in the proposed Valley city, the big-name Democrat mentioned most often as a mayoral contender is state Senator Richard Alarcon, whose 20th District encompasses most of the Latino neighborhoods in the San Fernando Valley. Alarcon, like Richman, is already on the November ballot, running for re-election to the Legislature.

But the *Times* estimates the Valley electorate would be 68 percent white, 19 percent Latino, 5 percent black, and 5 percent Asian. Comparatively, exit polling from last year's mayoral runoff — between two Democrats — showed a citywide electorate that was 52 percent white, 22 percent Latino, 6 percent Asian and 17 percent black. (Note the scarcity, in the proposed Valley city, of African-American voters, a staunch Democratic constituency).

GOP candidates could also benefit from the ideological and partisan make-up of the Valley city's electorate. According to a March

survey by the *Times*, voters in the new entity would be slightly more moderate to conservative than voters in Los Angeles as a whole. And party registration in the Valley city would be more Republican than in L.A.

According to the *Times*, 61 percent of the voters in the breakaway area view themselves as moderate or conservative; that compares with 58 percent of voters in L.A. as a whole. The partisan split in the proposed city would be 27 percent Republican, 46 percent Democratic and 21 percent decline to state. Still, those numbers could offer Republicans an opening. Currently, only 20 percent of Los Angeles voters register Republican 55 percent Democrat and 17 percent decline to state.

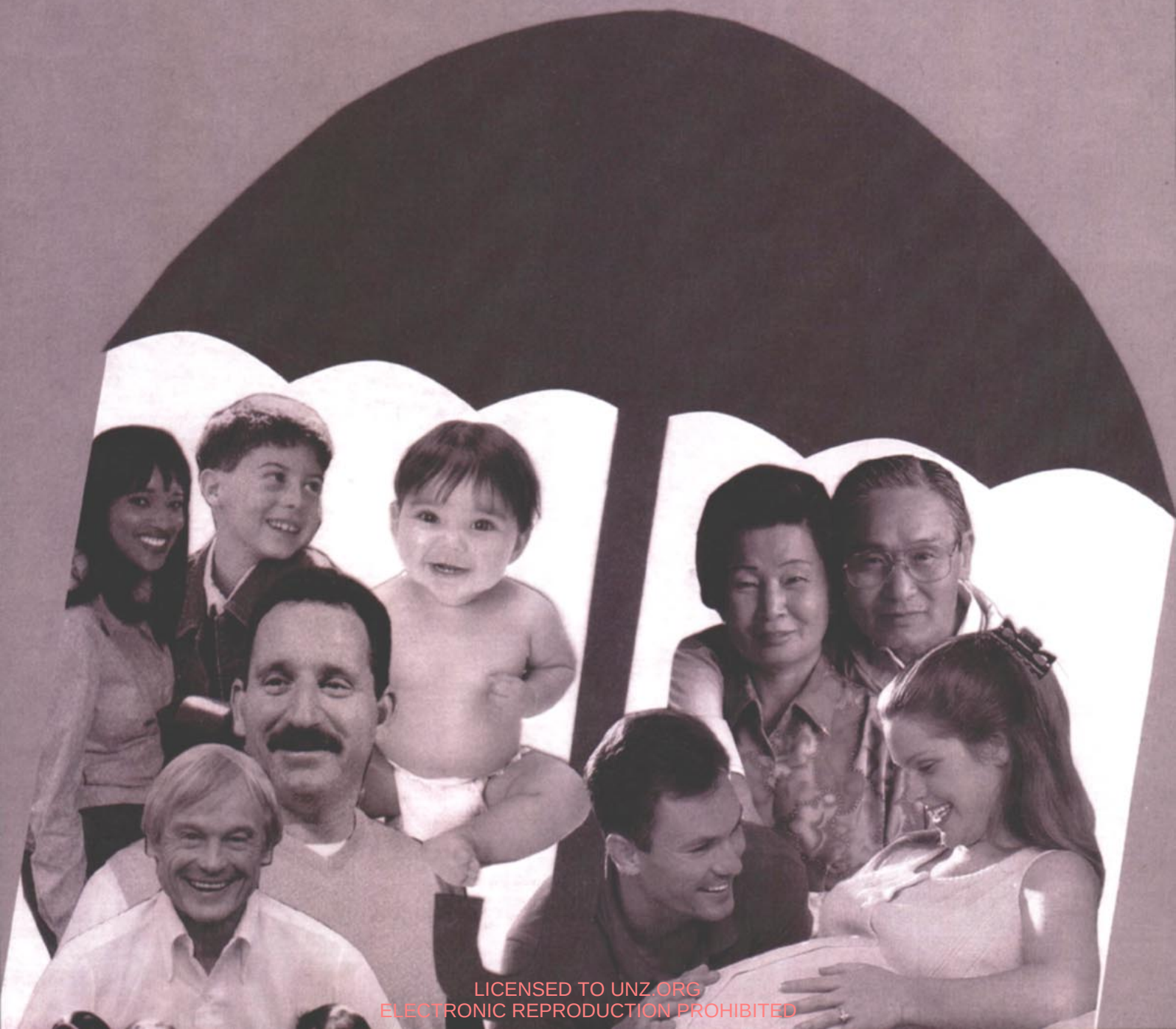
The San Fernando Valley secession election could turn into a crucial test of the ability of the California Republican Party to regain some relevance in the political life of this state. And because Richman is facing his inevitable term limit and occupies only minority status, even the Legislature's "Rookie of the Year" could find that challenge too enticing to ignore. 🏠

Sherry Bebitch Jeffe is a senior scholar at USC's School of Policy, Planning & Development. Comments may be sent to edit@statenet.com.

**By Sherry
Bebitch
Jeffe**



A bureaucratic suc



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Success story

Congress considers it a national model.
Gray Davis boasts about it in campaign ads.
Consumers, medical groups and insurers all offer kind words. It's been quite a spectacular start for the state's 2-year-old Department of Managed Health Care. But in some ways, the challenges are just beginning.

By Stephen Robitaille

The last thing Carolyn Spiegel thought she'd need in filing her health insurance claim was a rescue operation from the state's HMO watchdog. The Beverly Hills resident had for years operated a vocational rehabilitation business, where insurance issues were a regular occurrence.

So in May 2001, when she underwent an emergency heart procedure while on vacation in Paris, she carefully gathered all the backup documents she could lay her hands on — medical records, X-rays, even a videotape of the procedure. Then she tried to get reimbursed for the \$12,000 bill, which she had paid herself.

Spiegel filed a claim with her insurer, Health Net, in early June. In mid-January, she was still waiting. When an exasperated Spiegel finally asked to speak to a supervisor, she said the customer representative refused. Spiegel then asked how to file a complaint about her case. She said she was told to read her membership manual.

She did. It contained the toll-free number for the state Department of Managed Health Care, a 2-year-old agency that regulates health maintenance organizations on behalf of the 22 million Californians enrolled in such plans. One week and one departmental complaint form later, Spiegel cashed a \$12,000 check from Health Net.

Health Net spokesman Brad Kiefer apologized for the snags in Spiegel's reimbursement case, blaming clerical errors for the delay and adding that the check was "in the final steps of being issued" at the time of the DMHC inquiry. Spiegel, however, credits the state.

"Without the Department of Managed Health Care, I'd still be messing with these people. They got action and they delivered everything they promised. This is a value for my tax dollars," said Spiegel. "I dealt with workers' compensation for years in my business — and when I can't get paid, what are the HMOs doing with the rest of the group?"

The department, known by its acronym of DMHC, patrols the nation's largest HMO market, overseeing 59 specialized plans and 48 full-service plans with broad, centralized regulatory powers that are unique among state governments. The agency manages disputes between patients and HMOs, with processes ranging from a 24-hour toll-free "HMO Help Center" to no-cost reviews of medical decisions by independent physician review panels. The agency enforces HMO adherence to contracts and state law, in areas

such as continuity of care and timeliness of payments to providers, and it monitors the fiscal health of HMOs.

DMHC has drawn praise for its commitment to consumers and its even-handedness toward the industry it regulates — and not just from constituencies such as consumer advocates, whose applause is to be expected. It includes the state legislators and physician associations who have at times chafed at the agency's stubborn insistence on putting consumer protections ahead of efforts to referee the state's physician-HMO fiscal battles. Most surprisingly, it also includes the HMOs that have paid millions of dollars in fines and been subjected to levels of regulation that none of them had ever seen.

In an era of increasingly flagrant displays of corporate malfeasance, coupled with equally glaring failures by regulators in checking these abuses, the department has garnered an almost unheard-of reputation for a government agency of its ilk: consumer-oriented, energetic and effective.

"I think they've done very well in their primary mission, which is to help consumers resolve problems with their HMOs. I think they are visible and aggressive and responsive," said Thomas Epstein, vice president of public affairs for Blue Shield of California. "I think in many ways, the department is a breath of fresh air in what is typically a rather bureaucratic function."

Friends and foes

But while the agency and Director Daniel Zingale have shown great zeal in getting operations under way, they still must prove that DMHC can effectively implement systemic reforms in the HMO industry and show sustained success in negotiating the caustic world of health care politics in California.

The agency has seen its decisions reversed in a handful of high-profile legal cases in which the HMOs that praise DMHC have also used the courts to successfully limit its reach. The California Medical Association, which supported the landmark 1999 legislation that created DMHC, successfully blunted the agency's attempt this year

to regulate the state's medical groups, despite the fact that hundreds of them function as virtual HMOs.

"I think you'd have to characterize the first two years as kind of bruised, and maybe that was inevitable, given what Zingale is trying to do. He's lost a number of battles, particularly in the courts," said Steve McDermott, chief executive officer of Hill Physicians Medical Group, a Bay Area organization with 2,200 doctors and 360,000 patients.

"Sometimes, if you lose the battle, the issue may fall the right way in the end, because he still gains the attention of the HMOs," said McDermott, who praised the agency's overall performance. "I think he's also been surprised by how fiercely political the health care process is here. It can be surprising how quickly your friends can become foes."

DMHC Director Zingale is a former AIDS activist, deputy state controller, and chief of staff to then-Controller Gray Davis. He receives high marks from a broad range of health care constituencies for his collegial style and willingness to bring warring parties into the agency's decision-making process. For example, the agency maintains an advisory committee, which participates in a wide range of regulatory issues; its membership includes everyone from Consumers Union to the CMA to Foundation Health Systems.

But Zingale is pugnacious in defending his agency's record and its mission to benefit health care consumers. "People will miss the fact that out of dozens of regulations that we



Governor Gray Davis and Daniel Zingale

Daniel Zingale Career

- 2000 – Named director of managed health care
- 1997-1999 – Executive director of Washington, D.C.-based "AIDS Action"
- 1994-1997 – Public policy director of the Human Rights Campaign, a lesbian and gay civil and human rights organization
- 1991-1993 – Director of government relations for American Psychological Association
- 1987-1991 – Deputy controller and chief of staff to then-Controller Gray Davis

Education

- BA in political science, UC Berkeley
- MA in public administration, Harvard University

Personal

Zingale is 41 years old and resides in Sacramento.

have issued, only two have been reversed in court. In addition, we have only had one enforcement action reversed," said Zingale. "I think it's surprising there aren't more court battles, because as a new agency with no case law, we are issuing a whole raft of new regulations."

"I think you should listen to consumers, see what is affecting them and drive your policies from that. We've had a quarter of a million calls to the HMO Help Center since we began. This is about consumers, individually and collectively, and it saddens me when there is a dismissive attitude about the one-on-one help that is provided here."

Zingale, with a staff of 265 and an annual budget of \$32.4 million, took over regulation of the state's HMOs from the California Department of Corporations in 2000, after a rising, decade-long crescendo of complaints about its ineffectiveness and timidity from patients, consumer groups, legislators and state oversight agencies. In contrast, Zingale's DMHC has worked at making itself ubiquitous, endearing the agency to California's consumer advocates and providing Davis, with a rare—and significant—health care feather for his election-year cap.

Davis considers the department such a political achievement that he boasted about it in the first television commercial of his general election campaign for re-election, which was broadcast in June.

"We established the first patient protection agency in America, the Department of Managed Health Care," Davis declared in April, addressing the California Medical Association annual convention. "The purpose of this agency is to fight for California patients. And I'm pleased to say that since that law was enacted, 40,000 patients have asked the department to intervene and 40,000 times those patients got the care their HMO denied."

One of those patients is a member of the Birdwell family.

Seven years ago, Angela Birdwell's then 10-year-old son began to experience severe chest pains. The Danville boy was diagnosed with a rare heart disorder. In 2001, he developed

asthma, but the inhaler that helped him breathe sparked a marked increase in his heart condition's painful attacks. His medical group, John Muir/Mt. Diablo Health Network of Walnut Creek, approved a referral to a cardiologist, but balked when the cardiologist recommended an exam by another specialist. PacifiCare, the boy's insurer, backed the medical group's decision.

The Birdwells appealed the decision to DMHC. The physician review panel not only ruled that the son was entitled to see the specialist, he was also entitled to corrective surgery for the condition, which was performed in January.

"What I found the most frustrating was the medical group denying the services. Instead of being concerned about my own son's condition, they were more concerned about their financial well-being. It really was a matter of ethics," said Birdwell. "DMHC was our salvation. I think they probably added several years to

my son's life. He is now healthy and can do everything he wants to do."

Nancy Monk, vice president of regulatory and government affairs for PacifiCare of California, cited the insurer's longstanding support of DMHC's review program and said the Birdwell case showed that the system works.

Since its startup, the agency has levied more than \$5.5 million in fines against HMOs—but physician advocacy organizations and their allies in the state Legislature say they only wish that DMHC would go to bat for doctors as often as it does for consumers.

A bad setback

The agency has endured some of its nastiest political battles, and suffered one of its worst legal setbacks, over its refusal to wade into the tug-of-war between physicians and health plans in the state's wobbly managed care system. At issue is a provision of the 1970's-era Knox-Keene Act, the state's blueprint for managed health

Going to bat for consumers

Since its inception in July 2000, the state Department of Managed Health Care has been the subject of a number of high-profile legal challenges to its authority:

- In 2001, Kaiser Permanente successfully sued DMHC in federal court to limit its authority to regulate Medicare HMOs; the judge found that that federal law trumps state law.

- Kaiser has appealed a \$1.1-million fine levied last year over emergency care. Last month the HMO won a nonbinding recommendation from an administrative law judge that DMHC did not have jurisdiction in the case and that the fine should be reduced to \$25,000. DMHC rejected the ruling, setting the stage for further legal action.

- Kaiser in 2001 also sought in federal court to have Zingale placed in contempt for using a Medicare HMO patient file to buttress its state court emergency care case. The contempt request, roundly acknowledged as a public relations disaster for Kaiser, was denied.

- Kaiser and Blue Shield separately sued DMHC in state court and won rulings that the department could not mandate coverage of drugs that were not part of a contract's approved list.

- The California Medical Association won a ruling earlier this year that prevented DMHC from releasing state medical group financial solvency data and effectively removed the agency's ability to regulate medical groups.

care operations, which charges regulators to ensure "fair and reasonable" reimbursement for doctors by health plans.

California's roughly 350 physician groups have experienced severe financial distress in recent years. According to Cattaneo & Stroud, a Burlingame consulting firm that tracks the finances of medical groups, 10 medical groups have folded this year or are in bankruptcy proceedings, 26 medical groups closed in 2001, and another 34 closed in 2000. Physician advocates widely contend that miserly payments from health plans are the source of groups' fiscal woes; HMOs counter that poor management and a highly competitive market are to blame.

Medical group failures or financial struggles can mean big trouble for patients, according to DMHC and non-profit patient counseling organizations. Necessary care can be denied or delayed, unpaid specialists and laboratories will try to collect illegally for services from unwitting patients, and important documents, such as medical records and test results, are lost.

State regulators have traditionally interpreted their "fair and reasonable" duties as making sure HMOs

pay doctors in timely fashion and adhere to provisions of their contracts, while declining to pass judgment on rates paid by plans to physicians.

Zingale has repeatedly declared that the agency's primary responsibility is to consumers, characterizing doctors and health plans as two politically powerful and well-financed constituencies that can hold their own. The physician-side partisans vehemently disagree.

"They have done a reasonably good job implementing the call center. But what is the department doing to address the fundamental issues that prompt these calls?" said Assemblyman Keith Richman (R-Northridge), the Legislature's lone physician member. "These are issues that DMHC chooses not to address."

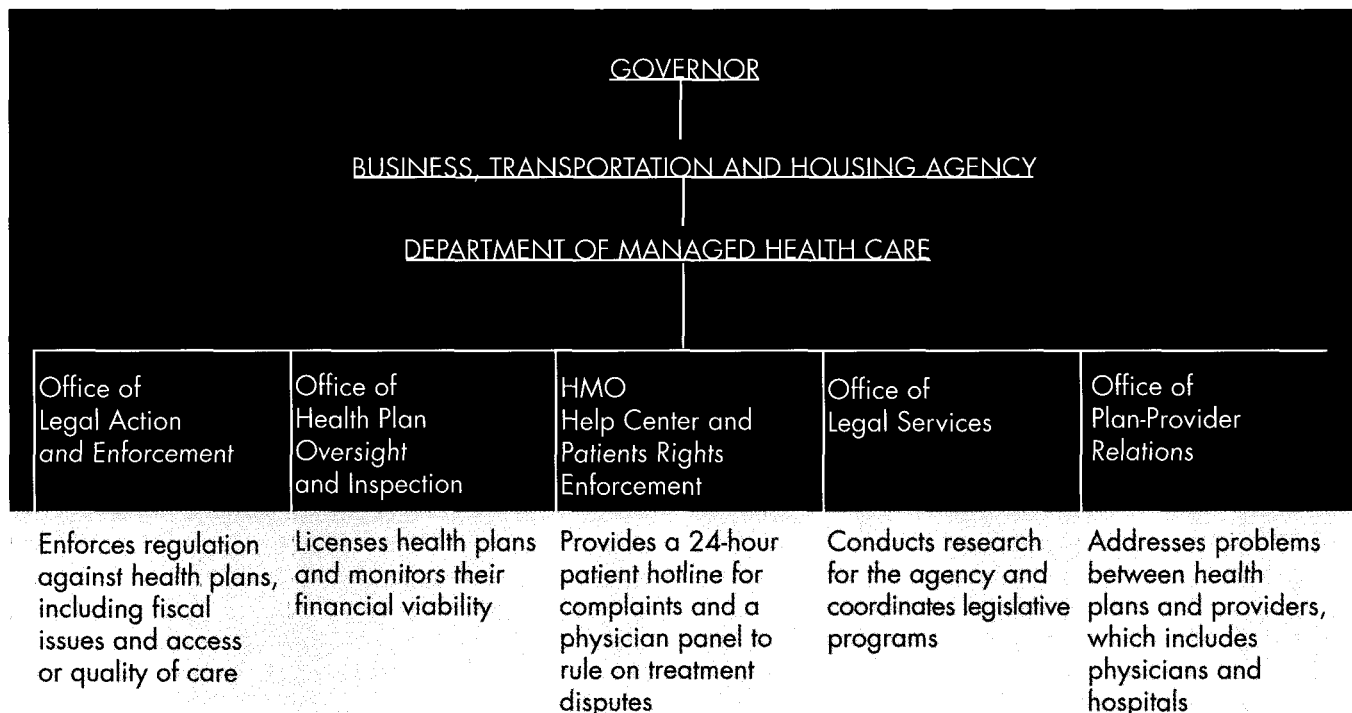
DMHC further angered physicians and their legislative allies in its implementation of a 2000 state law, SB 260, authored by state Senator Jackie Speier (D-Hillsborough), which set solvency



DMHC makes a conference appearance.

standards for the state's medical groups. The first round of data, which included four key fiscal indicators, found that only 44 percent of the state's medical groups passed on all four measures. Another 22 percent met only three indicators, while another 33 percent met two or fewer.

But when the agency publicly released the data in September 2001, Speier and the CMA reacted angrily, saying the data was supposed to remain private and was meant to help struggling medical groups right them-





DMHC at a Chinese New Year street fair.

selves, not showcase their financial frailties. A CMA lawsuit earlier this year succeeded in getting the data removed from public display and barred DMHC from further data collection. This effectively removed medical groups from DMHC regulation even though about 250 operate in California as virtual HMOs themselves by making decisions about patient care. Also in September, Speier and Senate President pro Tempore John Burton (D-San Francisco) publicly blasted Zingale over the agency's opposition to a group of bills supported by physicians in their push to improve their financial position with health plans.

Separate reviews by the Legislative Analyst's Office in December and the state auditor in June lauded the department's efforts in consumer affairs. But the LAO report questioned DMHC's limited role in policing HMO-provider contracts, while the auditor found that the agency was at times late in getting information back to HMOs.

Undaunted

Zingale characterizes the agency as undaunted by its travails, reeling off a list of new projects as proof that DMHC is continuing to patrol the HMO marketplace. The projects also could help the agency regain its footing in Sacramento's seemingly endless health care tussles. First, in a move that could bring DMHC back into favor with physicians, the agency is finalizing regulations for the state's tough new prompt-pay law, which calls for strict monitoring of HMOs on payments to providers and requires disclosure of

HMO fee rates for specific medical services.

Speier and Zingale are discussing new legislation to again place medical groups under the purview of DMHC. The lawmaker is now buffering her criticism of DMHC, saying in a recent interview that she gives the agency high marks for its efforts to get its programs started, while still calling

for more aggressive enforcement activity.

The agency plans to release a report this summer rating HMOs on a set of preventive health care measures. DMHC will first seek HMO proposals on improving their performance, but Zingale pointedly cited state law giving the agency the authority to enforce preventive care standards. DMHC also has begun an audit of Kaiser's customer service call centers, after revelations in May that the plan had paid bonuses to employees for lessening

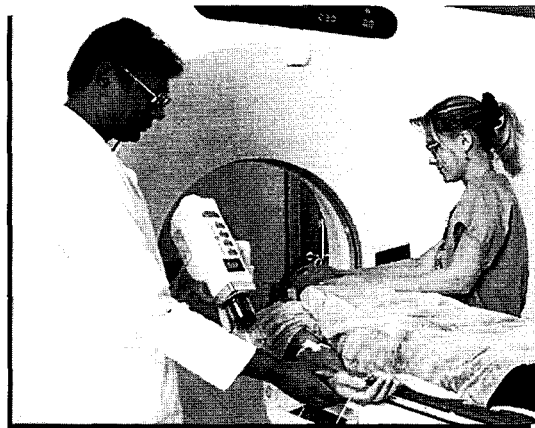
the amount of time they spent talking with patients and lowering the number of doctors appointments they scheduled.

And in early June, Zingale accompanied U.S. Senate Majority Leader Tom Daschle of South Dakota in a plug for pending national patients' rights legislation at the home of a San Jose family that got DMHC-ordered home nursing care and medical equipment for a disabled son.

"We are really leading the country — the national patients' bill of rights is modeled after ours, and Daniel [Zingale] is really leading the way with public health. He's sort of like the surgeon general of California," said Marjorie Swartz of the Western Center on Law and Poverty, a Sacramento-based advocacy and litigation organization. "Some of the things he's done in the short time he's been there have defied the stereotypes of government bureaucracies." 

Stephen Robitaille is a freelance writer in Oakland and a former San Jose Mercury News reporter.

Where do
California's
hospitals and
health care
providers look
for nurses and
other allied
health
professionals?



The answer is simple.

**California's Community Colleges.
The Way California Works.**



www.waycaliforniaworks.org

A message from the Community College League of California.

From the campaign

**There are significant differences in how
for governor approach health care
dueling pitches the candidates offered
before the Californians**

Republican Bill Simon

Now is not the time for piecemeal fixes designed to provide bragging rights before the next election. Now is the time for bold, decisive and comprehensive reform.

Our health care system has been called the "accidental system," and many of the flaws in the system are just that — accidents. Starting with the unintended consequences of World War II wage and price controls, health care over the last 60 years has relentlessly moved farther and farther from that core unit — the doctor-patient relationship — that should be the centerpiece of health care, not the

afterthought.

The advent of third-party payers in the health care system, separating the consumer of health care from the provider, started the slide. Disconnected from the cost of care, consumers, as might be expected, over-used the system. Employers, encouraged by the tax system to be the purchasers of health insurance, saw costs rise. Attempting to contain costs, employers sought the strictest form of managed care — the HMO. Health plan administrators clamped down, denying some care, questioning doctors' judgments, and creating a blizzard of paperwork in an attempt to regain control. Faced with lower quality, the public demanded action from their elected officials, who were only too happy to mandate Cadillac coverage from all plans. This again drove up costs, forcing marginally profitable businesses to drop care. The number of uninsured rose, creating a higher demand for government-financed third-party paid systems.

The rise in the uninsured led to a greater number of people with no preventive care, which led in turn to people seeking care at trauma centers and emergency rooms. With private and especially government health plans providing inadequate reimbursement, these centers are running out of money.

Nurses, frustrated by an increasingly complex and broken system, and by low pay, are quitting their profession at an alarming rate.

Throw in a legion of trial lawyers who want their cut of the action by filing lawsuit after lawsuit, and an aging population demanding more care, and you have the situation we've reached today — a health care system on life support, beset by numerous maladies, and too embroiled in politics instead of sound medicine.

Again, I don't want to oversimplify this

Continues on page 28



trail: Health care

the two major party candidates
Here, in their own words, are the
in back-to-back appearances last April
Medical Association.

Democrat Gray Davis

The words “health care” and “crisis” unfortunately have become inseparable in America over the last 20 years. And although we have a long way to go in this state, I am proud of the progress that we’ve made. We stood shoulder to shoulder fighting Big Tobacco. We stood for the health of our children against Joe Camel and the Marlboro Man and their messages of addiction. California now has one of the lowest smoking rates in America, and I intend to keep it that way.

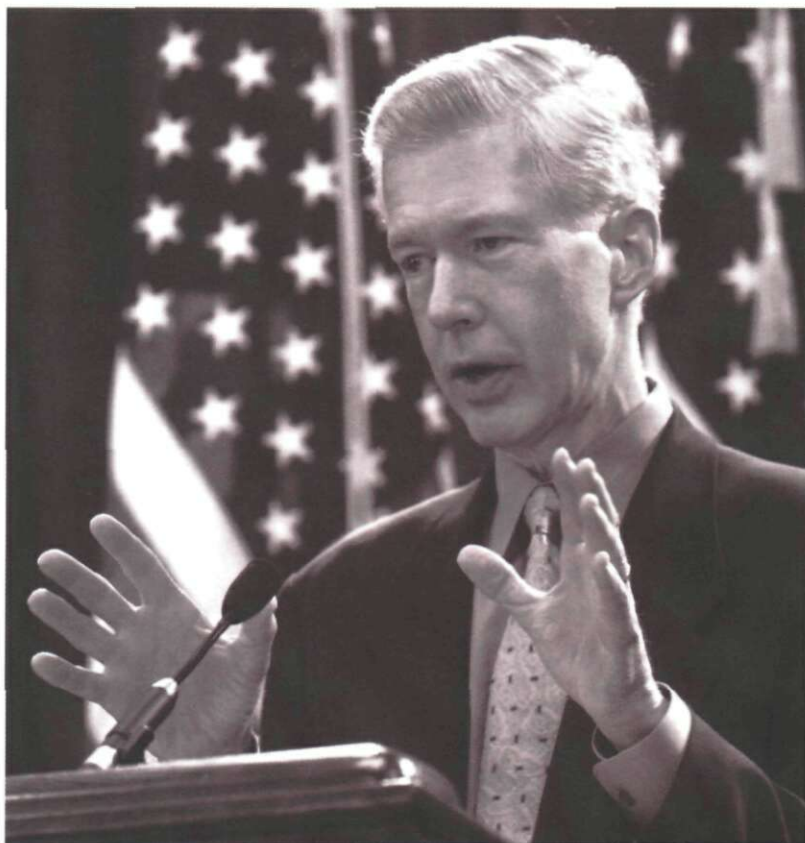
Even in this very difficult budget year, there will be an increase in the amount of money we spend in our anti-smoking campaign, a total of \$150 million in this budget, the largest of any budget in America. We’re going to do our level best to protect youngsters against the addiction of smoking.

I thank CMA for its help on that issue. I also thank them for help in getting us to increase the funding for emergency room uncompensated care by \$25 million. There again, we protected that issue in this year’s budget, recognizing the difficult work and the extraordinary need to compensate emergency room physicians.

Another matter where we worked together successfully—two years ago we increased the [reimbursement rate for] Medi-Cal physicians by 15 percent, which was the largest increase in the history of Medi-Cal and for many physicians the first increase they had received in 15 years. I think that deserves a little bigger round of applause. I mean, would you like me to take all the money back? Now, I regret that I have to suspend some of that increase this year, but the rate is still higher than when I took office, and when the economy does recover I promise you we will do our level best to move California’s rates more in line with the rates of other states.

And we’ve worked together in some other

areas where we lead America, not follow it. For example, I was privileged to sign some 22 bills in 1999, the most sweeping HMO reforms in the nation. And with CMA’s help we passed the strongest Patients’ Bill of Rights in America, including a number of rights: One of which is the right to a second opinion; one is the right to see a specialist; one is the right to sue your HMO; one is the right to contraceptive care; one is the right to mental health services; one is the right to appeal to a group of independent physicians your HMO’s denial of some care you believe you’re entitled to.



Lastly, we established the first patient protection agency in America, the Department of Managed Care. The purpose of this agency is to fight for California patients. And I'm pleased to say that since that law was enacted, 40,000 patients have asked the Department to intervene and 40,000 times those patients got the care their HMO denied. So we are on the right track, my friends, and I thank CMA for their help in that regard.

It wasn't that long ago in this state when the HMO said you're not getting the care you want, that was it. You had no recourse. You were out of luck with no options whatsoever. So this new bill is quite extraordinary, and I thank CMA for its assistance in its passage.

...We have also worked hard to insure more Californians. We have focused like a laser on children. When I took office, the Healthy Families Program had 51,000 children enrolled, and there was a 28-page application form that would try the patience and the competency of a Ph.D. I know I gave up on about page 12. We reduced that form to four pages, put it on the Internet, put it in 11 languages, made my wife the head of the outreach program, and we now have not 51,000 but 522,000 children have been enrolled in the Healthy Families Program, and that coupled with some efforts we've made on Medi-Cal

means that 1 million children now have health insurance who did not have it the day I took the oath of office in this state. That is progress, my friend.

I'm very gratified at our success in enrolling 1 million children. There is, however, much more work to do. There are approximately 1.6 million children uninsured. And I promise you we will do our level best over the next four years to provide access to health care for these children as well. We may not get the job done in four years, but let's begin today. The task is urgent, the cause is good. We've already made great progress; let's finish the job.

The Children's Health and Disability Prevention Program is another area where we have worked closely together. I promised that we would try and find a way to provide full coverage to as many children as possible. As you know, that program provides for screenings and inoculations but no treatment. And we are making progress on that. ... I have directed my Department of Health Services ... to prepare a single electronic application that can be filed on the Internet right from the doctor's office. So we can find while a child is in your office whether or not they qualify for Healthy Families or Medi-Cal and get them made eligible right there on the spot. That is progress, my friend. 🏠

Bill Simon continued from page 26

problem, but I firmly believe that the farther we get from the doctor and patient, the more broken the system. And you don't need me to tell you how far we've come from the simple days of the doctor and patient.

It's time to return the system to its roots. The perverse incentives that sent our health care system on this death spiral must be removed.

In their place, I offer the same fundamental principles that guide much of my thinking. More freedom, less bureaucracy. Greater options and flexibility. More supply. Trust in people, and in our market economy, not in big government and distant administrators.

You've no doubt heard the analogy that if car insurance were like health insurance, the insurance would not pay just for auto accidents, but also for oil changes as well, but only after Allstate questioned the mechanic about whether that oil really needed to be changed every 3,000 miles. And the insurance company would demand the mechanic use the cheapest oil.

We need to change the tax incentives in the system so that people who wish to purchase only catastrophic health coverage can do so. Preventative care and routine care can be freed from third-party bureaucracy, with the patient and doctor acting more as interested buyer and willing seller.

Of course, health care is not just any item that we might buy at the store. It is central to people's lives. People rightly want the best medical care they can get. Employers and employees have become used to having some provision for health care as a benefit to attract workers. And as a modern and civil society, we refuse to let people who

cannot afford adequate care suffer in the streets.

But surely, to achieve these goals, we can construct a better system than we have today. I am keenly interested in the various market-based, tax incentive systems just starting to be explored across the country, at both the federal and state level.

Whether it is medical savings accounts for employer-provided care, tax credits for the individual purchaser of health care, or health care vouchers for the indigent and working poor rather than a massive government health care bureaucracy, we must start anew and create a system that reconnects doctors and patients, both in the quality and cost of care. . .

Previous efforts in these realms have been no doubt well-intentioned but amount essentially to Band-aids on deeper wounds. We need real reform to fix this system, and I'm counting on you to offer me your guidance, your experiences and your advice as we seek these reforms.

Physicians enter their field for the most noble of callings — to heal those in need. A little over half of California physicians accept Medi-Cal patients. Some fault your profession for this, saying the participation rate should be higher. For me, it is a tribute to your profession that, in system as badly broken as our Medi-Cal system is, over half of all of you are willing to lose money on every Medi-Cal patient because of a higher calling.

Medicine is a unique business, but it is, still, a business. The ongoing debate about whether health care is a fundamental right does not change the fact that if you are not paid more than the cost of providing your service, you won't be around very long. 🏠

Rx: Hospital retrofit

In the months since September 11, emergency response managers and disaster relief experts have been preoccupied with identifying and shoring up all those pieces of the national infrastructure that might be vulnerable to future damage by terrorists. Nobody would dispute the wisdom of that endeavor, even if certain members of the George W. Bush or Gray Davis administrations are given at times to hysteria in warning us to be on the alert.

The interesting thing is that the focus on bridges or nuclear power plants or tall apartment buildings as possible terrorist targets has virtually supplanted what in this state is arguably at least as pressing a threat: The Big One, as in earthquake, as in seismically vulnerable hospitals throughout the state, and particularly in Los Angeles, Orange, San Francisco and Alameda counties.

According to a study last year by the Rand Corporation, 40 percent of the hospital buildings in California are a collapse hazard, meaning they are a life-threatening hazard to occupants during a major earthquake. These are buildings constructed before 1973, prior to the enactment of tough seismic codes. Under a 1994 law, owners of such hospital buildings must upgrade them or remove them from service by 2008. By 2030, hospitals must be able to function after a major earthquake.

The law, which is the latest in a line of seismic safety measures stretching back to 1973, assumed that replacement of the most vulnerable structures would be a natural process since so many hospital buildings would be approaching 50 years of age or more as the 2008 deadline hit. To the extent renovation or new construction took place, the new medical structures would, by necessity, comply with stringent modern building codes.

It was swell in theory, but it never quite worked out that way. Financially pressed California hospitals don't seem to be doing much in the way of either replacement or retrofitting.

The industry has insisted that it doesn't make sense to undertake major capital improvements to meet the 2008 standard only to have to rebuild once more to meet the more stringent 2030 standard. There would be more hospitals out of service prior to any new earthquake than there would have been because of a big shaker, one California industry official was widely quoted as

complaining. Costs for the required renovations were estimated to be as much as \$41 billion.

At least those were last year's headlines as researchers from Rand and representatives from the California Health Care Foundation, which commissioned the study, briefed state officials and legislators about the findings. In fact, what the study found was that the seismic retrofitting would only cost \$3 billion and that the huge price tag was really more for dealing with all the nonstructural upgrades — boilers, generators, bolting down equipment and the like.

Amid great heaving and panting from the industry, legislation was introduced to extend the 2008 deadline and to provide some state money, through bonds and tax credits, to help pay for some of the retrofitting. The measure never quite made it last year, and it doesn't appear to be going anywhere this year, either.

One reason is that the decision about what to retrofit and what to build anew is clouded by a lot more than questions on the timing, location and magnitude of the next big earthquake. The

heart of the problem is a major mismatch between hospital infrastructure and paying customers. With too many beds in all the wrong places, the health care industry must decide how to reconfigure itself in a way that makes financial and public health sense. The private sector isn't rushing to take that chore on, and, alas, nobody in the Legislature or the governor's office has stepped forward to force the issue.

Two conclusions follow:

First, in a term-limited world, there isn't much incentive to broker the kind of complex political and policy deal that is needed. Ask termed-out Assembly members such as Fred Keeley and Dion Aroner about the reward for trying to legislate on the big issues.

And second, in the absence of a coherent policy to restructure the health care industry, the death of legislation that would have stuck taxpayers with part of the tab for seismic safety in aging hospitals may not be such a bad thing. 

By Susan Rasky



**Forty percent
of the hospital
buildings in
California are
a collapse
hazard.**

Contributing editor Susan Rasky teaches journalism at the University of California, Berkeley, Graduate School of Journalism. Comments may be sent to edit@statenet.com.

California is approaching universal health coverage for children. But even when insurance is available, complex and underfunded programs still leave many children without proper care. Now, three Bay Area counties are working to close the remaining loopholes and test the questions about a comprehensive health system.



Healthcare Access

By Maria La Ganga

What would happen if every child in California was eligible for health insurance — poor children, undocumented children, even those kids in the gap between public and private coverage?

The hope is that children would no longer suffer needlessly from treatable maladies, that early treatment and preventive care might decrease costs and that we would all be healthier with fewer carriers for disease. But such universal coverage is a provocative topic, raising heated questions about the proper roles for public and private institutions as well as the most effective route to a healthier population.

If all goes well, come January 1, a significant chunk of Northern California — three affluent counties with deep but often hidden pockets of poverty — could become what some view as a laboratory for this thorny public policy question: Does health insurance guarantee health care?

Santa Clara and San Francisco counties recently instituted their own programs to cover a remaining gap in the pediatric safety net — undocumented children and those whose working parents earn too much for state and federal assistance programs like Medi-Cal and Healthy Families but still are not covered by an employer. Nearby San Mateo County recently



announced a similar effort scheduled to start January 1.

"We're looking at having every child up to 300 percent of the poverty level covered," says Dr. Lisa Chamberlain, a general pediatrics fellow at Lucile Packard Children's Hospital at Stanford, which is located in the heart of a three-county area that could become close to 100 percent covered country. "It's remarkable. It begs so many interesting research questions. How does universal health coverage impact kids? It may impact a little. But because of the

access questions, it will show that it [coverage] is not the be-all and end-all."

One question is whether people would use doctors and hospitals differently if they had insurance. Another is how private employers or insurance carriers would adjust to a larger government role and whether there would even be enough physicians, given low reimbursement rates. Debate over such questions helped scuttle the national health plan that President Bill Clinton attempted to pass in the

early 1990s. His effort ultimately led to the federal Children's Health Insurance Program, which California adopted in 1998 as Healthy Families.

Healthy Families

Today, more than 550,000 needy children are enrolled in health coverage because of Healthy Families. Other than the elderly, who are insured under the federal Medicare program, children are the group more likely than any other to be eligible for some kind of health insurance coverage. In fact, the number of insured children increased between 1999 and 2000, buoyed by a then-healthy economy, according to the UCLA Center for Health Policy Research.

Still, more than 1.6 million California children remain uninsured. And even those who have coverage often face barriers to medical care. While premiums for the Healthy Families program are low, a missed or late payment means that children lose coverage for six months. Reports of physicians no longer accepting Medi-Cal patients because of low reimbursement are increasing — even before proposed state budget cuts that would slash reimbursement to 1985 levels.

According to the Center for Health Professions at University of California, San Francisco, "only a minority of California physicians are providing the majority of care to Medi-Cal and uninsured patients." Another recent study reports that more than half of all Medi-Cal beneficiaries have difficulties finding a physician who will accept their coverage. And children's health advocates bemoan a system so complex that one child in a single family could be

covered under Medi-Cal, another under Healthy Families and another one not at all.

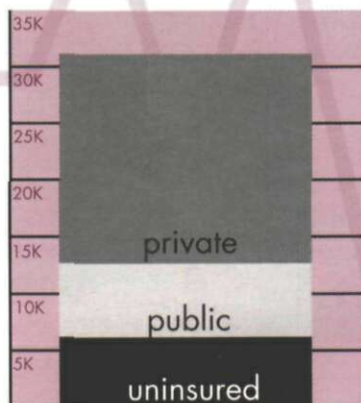
"There's a continuum to access to health care," says Anthony Wright, director of organizing for Health Access, an advocacy group whose goal is universal health coverage. "Just because someone's a child doesn't mean they're eligible for health care coverage. Just because they're eligible, doesn't mean they're enrolled. Just because they're enrolled doesn't mean they stay on. Just because they stay on doesn't mean they actually use it. It's a continuum of eligibility, enrollment, retention, and utilization."

With health care issues — for children and adults alike — central to both the state budget debate and the November election, Governor Gray Davis takes pride in the jump in children insured under the Healthy Families program during his watch. When Davis took office in 1999, only about 50,000 children were covered. Today that number has risen to more than half a million.

Under Healthy Families, children up to age 19 can be covered if they are legal residents, if their families are ineligible for no-cost Medi-Cal, if they are not covered by an employer-based insurance plan and if their families make up to 250 percent of the federal poverty level, or \$37,500 for a family of three. Medi-Cal is free to families — adults and children — who earn less than 100 percent of the federal poverty level — \$15,020 for a family of three — if they are legal residents of the state.

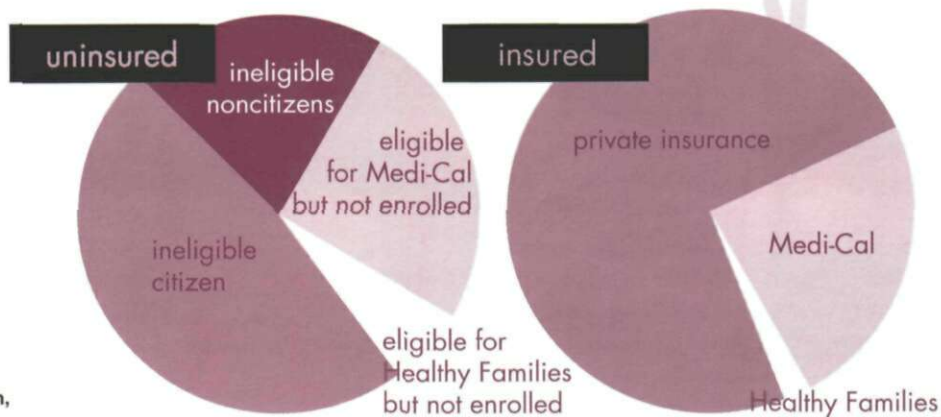
Who are the uninsured?

So who are the 1.6 million children who remain uninsured in California? According to the most recent



The California safety net

About 6.2 million Californians had no health insurance in 2000, about a fifth of the state's population under the age of 65. Part of the uninsured include undocumented residents, who are ineligible for state and federal assistance programs. But another large category of the uninsured are those who are eligible for assistance, but still not enrolled. Medi-Cal is available to adults and children with incomes below the federal poverty line. And since 1998, the Healthy Families program reaches children in families up to 250% of the federal poverty level. But many qualified working adults and their children still fall through the insurance cracks.



Source: UCLA Center for Health Policy Research, 1999 Population Survey

California Health Interview Survey from UCLA, released in March, 1.1 million of those children are eligible for existing insurance, approximately 768,000 who could be getting Medi-Cal and about 404,000 are eligible for Healthy Families.

An earlier study by the Center for Health Policy Research, released in 2000, showed that uninsured California children are disproportionately members of working families and ethnic minorities:

- 82 percent of uninsured children are in working families; 52 percent are in families headed by at least one full-time worker who labors all year.

- One-third of all Latino children are uninsured, while 16 percent of Asian-Pacific Islander children have no coverage, along with 13 percent of African American children and 12 percent of non-Latino white children.

- 49 percent of all noncitizen children are uninsured, along with a third of all children who are citizens but whose parents are not and 20 percent of all children who are citizens and whose parents have been naturalized.

If you want to see the predominant face of the uninsured child — and a smattering of insured ones as well — just visit the back parking lot of St. Francis of Assisi Catholic church in East Palo Alto on a Wednesday morning. That's where you'll find Lucile Packard Children's Hospital's pediatric health van — the only health-care provider in San Mateo County that is publicly advertised as free of charge and will never bill a patient.

The number of visits to the van have jumped 22 percent between the 2002 and 2001 fiscal years, says Linda Todd, the hospital's director of community clinical pro-

grams, likely in large part because of the flagging economy. A smattering of children has begun to appear whose families either cannot afford to pay the low Healthy Families premiums or who have been dropped for six months because of a late or missed payment, she says.

Other children show up who have government-funded insurance but cannot get an appointment for weeks in the future. Others eligible for the van's services belong to families that make too much money to receive Medi-Cal or Healthy Families but too little to afford health insurance. That's easy here in San Mateo County, where the California Budget Project estimates that a single parent with two children needs to make \$61,000 a year to be self-sufficient. The poverty level for a family of three is \$15,020, and 250 percent of the poverty level (the Healthy Families cutoff) is about \$37,500.

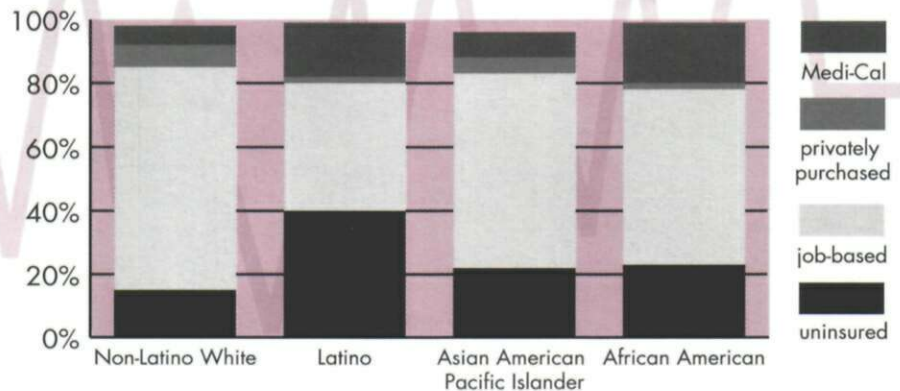
Most of the children one recent morning, however, were undocumented. Not that the nurses, doctors or social workers ask — they explicitly do not, and do not care. But the first task the van's staff faces is finding out whether new patients are eligible for any kind of insurance at all and then helping them sign up for it if they are. For one thing, it's best to save completely free care for those children with no other options.

In addition, says Todd, "if someone is eligible for health coverage, it's always better for them to have a medical home than a medical van. We might not be available when they need us. It's a fine line."

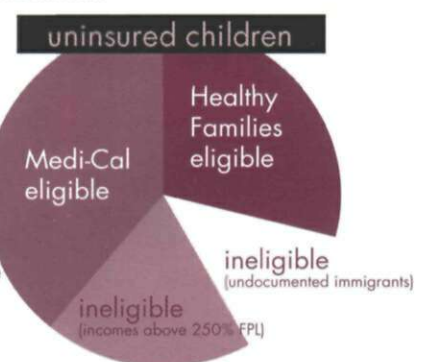
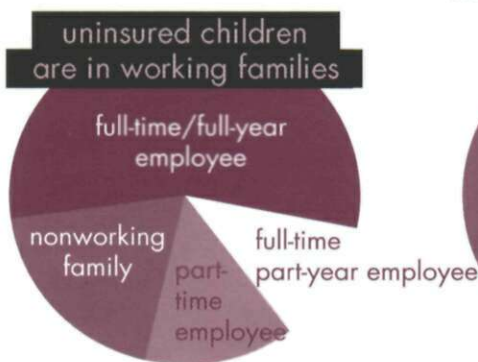
At 9:10 a.m. one Wednesday morning in May, eight parents and a dozen children are arrayed at tables in the multi-purpose room of St. Francis of Assisi. Two little boys

The uninsured

Next to seniors, children are the most likely population segment to be covered by health insurance. Still, nearly 900,000 children under 19 are eligible for public assistance but not enrolled. And many have parents with full-time jobs.



*Federal poverty limit



with chubby cheeks improvise at play, turning a belt into a passable toy, part lasso, part jump rope.

On the previous Wednesday, the 25 or so children seen were largely sick. This week the case load leans toward immunizations, school physicals and administration of the nine-month antibiotic regimen required for children whose tuberculosis skin test comes up positive. About 40 health-van patients are receiving the lengthy regimen,

The San Mateo program would provide coverage for undocumented children, those not eligible under Medi-Cal and Healthy Families and those whose families earn up to 400 percent of the poverty level. Like the Santa Clara County effort, which covers up to 300 percent of the poverty level, it would also focus on outreach to help get children who are eligible for other coverage into those programs.

"It's one thing to have health insurance. It's another to

"It's one thing to have health insurance. It's another to get care. In our county, the working poor are really kind of invisible."

— Kris Perry, executive director for the San Mateo County Children & Families First Commission

which costs about \$25 a month. For a family living near the poverty level without insurance, that's a big chunk of a small income.

Cassandra Peralta, age 3 years and 3 months, is not eligible for Healthy Families or regular Medi-Cal because she was not born in this country. Her father works in a department store. Her mother, Angelas, stays home to take care of her. The little girl's TB skin test came up positive, and she's currently in treatment.

"It's worrisome," says Angelas through an interpreter. "But I've gotten Cassandra the treatment that she needs, which has kept her healthy. We have been well treated here."

Counties banding together

To Dr. Amanda Haiman, medical director of the pediatric health van, being accessible and dealing with families' other concerns — food, clothing, poverty, blankets — is just as important as immunizations and school physicals.

"A big part of our service is that they trust us," Haiman says. "They know we're here on Wednesday. We provide same-day service. A lot of times people will have made the rounds of all the clinics and are told they can't be seen and come here. There's not enough room in the clinics. And a lot of people won't see any new Medi-Cal patients."

Which is why a group of health care providers for southern San Mateo County's neediest children have banded together to begin re-weaving the region's medical safety net. From Packard Children's Hospital to Willow Clinic, the South County Community Health Center in East Palo Alto and San Mateo General Hospital, they have begun working toward a county-wide triage system that involves all safety net providers. Their goal is to prevent families wandering from clinic to clinic in hopes of receiving care for their sick children.

While that effort is in the very early stages, the county announced in late May that it would use tobacco tax funding and other funds to kick off an outreach and insurance program hopefully by January 1 and modeled after the ground-breaking program in neighboring Santa Clara County.

get care," says Kris Perry, executive director for the San Mateo County Children and Families First Commission, which distributes the tobacco tax funds and pushed for the proposed children's coverage effort. "In our county, the working poor are really kind of invisible."

Perry predicts a domino effect: First Santa Clara County implemented its Healthy Kids plan, then San Francisco County. San Mateo is stepping up next. "You'll see Contra Costa, Alameda, Santa Cruz trying it in the next year," Perry predicts. "You'll see the Bay surrounded by it. The whole region will be a laboratory" to investigate whether coverage equals care.

Robert Sillen, executive director of the county hospital system in Santa Clara County, acknowledges that coverage alone is not necessarily a guarantee of treatment. What he is interested in seeing is whether his 18-month-old program, and eventually others like it, change how previously uninsured people use the health care system once they finally get insurance.

"Will they be accessing health care more than when they were uninsured? Will they, now that they have a choice of 1,300 doctors in Santa Clara County, will they change?" asks Sillen. He doesn't believe that the "loyal customers" in his Santa Clara Valley Health and Hospital System Medical Center will go elsewhere now that they have insurance. "That may vary in San Mateo and San Francisco. That's going to be interesting to see."

A first in America

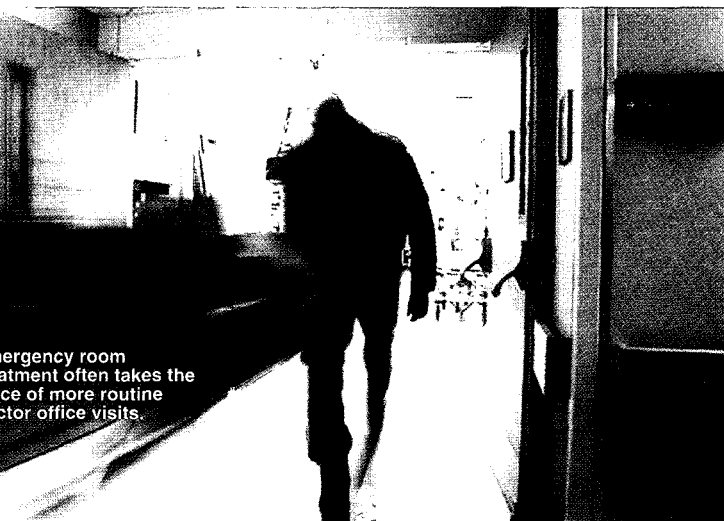
The David and Lucille Packard Foundation will soon embark on a study of the Santa Clara County program, looking at how it impacts children's access to care and its effects on overall enrollment in all of the available health plans in the county.

To date, the Santa Clara County program — the first such county-level outreach and insurance program for poor children anywhere in the nation — has reduced the number of uninsured children in the county to about 48,500, down from 71,000 when it began in January 2001.

But even in Santa Clara County with its model initia-

tive, nearly 20 percent of the low-income respondents to a recent survey described their children's access to health care services as "poor" or "fair."

Released in May, the "2001 Community Assessment: Health & Quality of Life in Santa Clara County" alludes to



Emergency room
treatment often takes the
place of more routine
doctor office visits.

the barriers to care that exist even when insurance is available. Many fear that efforts to bridge the current budget shortfall will only make existing barriers steeper.

California underfunds Medi-Cal doctors

One of the problems in access to care for poor children is the Medi-Cal system. According to the California Medi-Cal Policy Institute, more than half of Medi-Cal beneficiaries report that they have difficulty finding a doctor who accepts Medi-Cal.

The Oakland-based Medi-Cal Policy Institute released a survey in February showing that between 1996 and 1998, the percentage of doctors polled who accepted Medi-Cal patients remained steady at about 56 percent. But there is so much recent anecdotal evidence of physicians refusing to accept Medi-Cal patients or planning such action that the organization has embarked on another survey, this one to find out if the situation has worsened.

"We've heard a lot of concerns about that, which is why we're repeating our physician survey," said Lucy Streett, a policy analyst with the Medi-Cal Policy Institute. "The institute has also funded an initiative to measure access to physician services. Findings will be available in early spring. [The effort] is due to concerns we've heard. There is no good sense quantitatively of what the magnitude of those issues are."

Dr. Leonard Klay, an obstetrician-gynecologist in Santa Rosa, said he sent a letter to Governor Davis in May "telling him that our practice, North Bay Sutter Medical Group, could no longer see Medi-Cal patients in our office because of low reimbursement."

One Silicon Valley pediatric surgical specialist, who declined to have his name printed for fear of reprisal, describes his practice as "a hobby" because of the low level of state reimbursement for the care of poor children with

complicated problems.

Does Medi-Cal pay enough? he is asked. "Hell, no," he replies. "And they're going to bring it down more." If the reimbursement rates are lowered as proposed in Davis' current budget, California will drop from the 42nd lowest reimbursing state to around the 46th. And for this doctor, it will be "Bye-bye. So long, boys."

"Health care is exquisitely soluble, but we as a society are not smart enough to fix it," he says. "My work is very much of a hobby. It's very entertaining... Over 50 percent of my practice is Medi-Cal patients, but only 10 to 12 percent of my income. I'm doing as much as I can do to cut that down."

At the Health Plan of San Mateo, the county's Medi-Cal plan and one of the health care providers for the state Healthy Families Program, doctors do leave the network, largely because of low reimbursement rates. At the same time, says Ellen Dunn-Malhotra, the organization's director of planning and evaluation services, they also have providers joining the plan.

"To maintain a network in San Mateo County, you have to pay providers more than Medi-Cal," Dunn-Malhotra says. "We've been able to pay providers more since the inception of the plan in 1987. ...I don't know what will happen if the Medi-Cal reimbursement goes down. It's anybody's guess at the moment."

In announcing May revisions to his proposed budget, aimed at closing a \$24 billion shortfall, Davis said the budget cuts were "extremely painful, but they were also absolutely necessary."

And he insisted that, by maintaining education spending and including \$672 million to expand the Healthy Families program and cover 624,000 children by June 2003, the budget "reflects a commitment to our children and their future."

As the Legislature wrangles over the budget, children's health advocates argue that the expansion of Healthy Families will be dwarfed by cuts that will enact even more steep barriers to health care for the youngest and neediest Californians. Cutting Medi-Cal reimbursement is one. Halving the reimbursement to pediatricians who see children with chronic and catastrophic illnesses is another; children's health advocates fear even longer waits for the state's sickest children to see doctors.

"Health insurance is one of the most important positives in terms of gaining access to health care," says Dr. Lucy Crain, director of the pediatric disabilities clinic at University of California, San Francisco, and a member of the national board of directors for the American Academy of Pediatrics.

"But to realize access to health care, you have to have someone on the physician end of the equation who's willing to accept your insurance," she says, "who's available to see your child and has an appointment available or can make one available when your child needs it."

Maria La Ganga is a freelance writer in San Francisco. Comments may be sent to edit@statenet.com.

No doctor in their lives

For the 6.2 million Californians without health insurance, a trip to the doctor's office for a checkup is a luxury. As a result, afflictions ranging from a chipped tooth to high blood pressure go untreated.

In recent years, the state's Healthy Families program has improved the health care picture for children. But 2.3 million working adults have jobs without medical benefits and earn too little to comfortably afford insurance on their own. Former welfare recipients who received Medi-Cal coverage are ineligible for the program once they earn a designated wage. And scores of the working poor, and even many considered middle class, can't spare the money to spring for their own insurance, nor can they afford the direct cost of seeing a doctor on their own. When it's a choice between eating and health care, food wins out.

Here's a look at a few of the faces on the front line of life outside the doctor's office. It's by no means a comprehensive picture, but the profiles provide a sampling of the many ways Californians fight for their health everyday.

By Kathleen Les

Shannon Gravening

Age: 37

Sacramento

Shannon Gravening is a widow raising a daughter and a grandson on her \$1,057 a month Social Security payments. The state-sponsored Healthy Families insurance helps her obtain health care for the children, but Gravening herself is without access to a doctor.



Three years ago Gravening was eligible for Medi-Cal at a time when she needed an operation for problematic milk ducts in her breast. Since then, a small cost-of-living increase in her Social Security benefits makes her income too high to qualify for Medi-Cal unless she pays a supplemental \$138 a month for coverage. Unable to afford such a big chunk out of her low monthly income, Gravening has gone without follow-up exams and also receives no medical care for other medical concerns that plague her — high blood pressure and high cholesterol, as well as weight and alcohol problems. Two years ago she broke some cartilage in her back while coughing. After waiting eight hours in an emergency room, she was given some muscle relaxant and told to stop smoking.

Vivian Swinberg

Age: 49

Sacramento

From the court's point of view, grandparents willing to raise grandchildren born to drug-addicted parents are saviors to those kids. But as Vivian Swinberg well knows,

even the safe and caring home provided by grandparents can't erase all the emotional hardship suffered by youngsters who have lived with abusive and dysfunctional parents. Swinberg, now retired from the County of Sacramento, is raising three grandchildren, ages 12, 7 and 5 years old, all born to a daughter now in jail.

Swinberg has raised the two youngest grandchildren since birth, but the oldest spent several years bouncing back and forth between a drug-addicted mother and an abusive father. While Swinberg can obtain state-sponsored health insurance to cover physical ailments of the children, coverage for mental health needs is severely limited, as Swinberg found out. Medi-Cal provides for just 13 visits to a counselor, she says. When Swinberg felt her granddaughter needed much more to work through her emotional trauma, she did extensive research before she finally was able to arrange free clinic treatments with the help of her granddaughter's school.



Cathy LeBlanc

Age 46

Camptonville

In January of this year, the clock ran out on welfare-related benefits for Cathy LeBlanc. As a welfare recipient for seven years, the mother of three enjoyed the protection of Medi-Cal, an imperfect solution but one that provided coverage for emergency treatment and preventative health screenings. Now employed as a coordinator with the Camptonville Wellness Resource Center in the Sierra Foot-

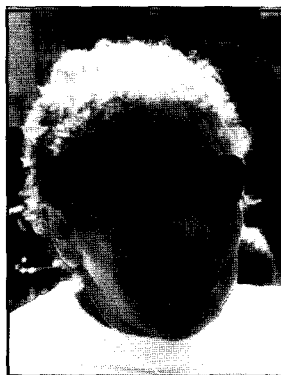
hills, LeBlanc earns too little to afford medical care on her own and has none provided by her employer or the government.

LeBlanc is one of thousands of parents whose children now have access to affordable medical services under the Healthy Families program but who herself is shut out of health care for lack of affordable coverage. Afflicted with asthma, her own prescription inhaler has long since run out, and she relies on borrowing her daughter's when breathing problems surface. Last month she cracked a tooth but will have to wait to have it repaired until this summer when a local clinic offers its annual open house to those without insurance. "I never realized what a good medical plan Medi-Cal is until I didn't have it," said LeBlanc.



Angie Olivo
Age: 59
West Modesto

Twenty-three years ago, while working as a pre-school teacher, Angie Olivo lost her job. When her employment went out the door, so did her health care insurance. Unable at the time to afford the \$500 it would have cost for out-of-pocket coverage, she decided to forgo insurance. With coverage went proper medical care for her diabetes. Over the years, Olivo found work, but never with health care coverage, and her wages always were too low to provide it herself.



After years neglecting her worsening condition, Olivo began to lose her eyesight. Six years ago, with blood filling her eyes, she thought she simply needed glasses and went for an eye exam. She was informed she was legally blind. She eventually found her way onto disability, which allowed her to receive Medi-Cal. Five years ago, Medi-Cal enabled her to undergo two operations to stabilize her condition. Today Olivo relies on a talking computer and friends to help her get around town to shop and go to doctor's appointments. "I don't feel sorry for myself," said Olivo. "I did this to myself. I just wish when my income was low, I had better access to health insurance."

Virginia Ochoa
Age: 19
Modesto

Healthy Families insurance has proved a lifesaver for scores of young children in California. But at age 19, the health benefit that enables kids to visit a doctor at relatively

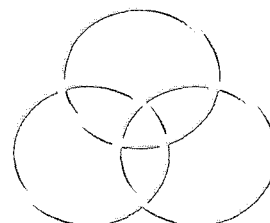
no cost disappears. Last year, when Virginia Ochoa was dropped from the program, she set about finding replacement insurance. For six months she searched for coverage that she could afford to purchase herself.

Ultimately, the high cost of paying out of pocket tipped her toward taking advantage of insurance available through her mother's job as a school resource aide. There was one catch: Ochoa must be a full-time student in order to qualify as a dependent to her mother. Having just graduated from high school, Ochoa had planned to work full-time to earn money before attending college. Now for the sake of knowing she has access to medical care when she needs it, Ochoa carries a full school load while working nearly full-time as well. The days are long, and the wear and tear on her body fatiguing, but she would rather be with health coverage than without.



Kathleen Les is managing editor of the California Journal. Comments may be sent to edit@statenet.com.

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DC's Indian casino jackpot

By Peter H. Stone

WASHINGTON, D.C. — Former Rep. Bill Paxon (R-N.Y.), has lobbied successfully in Albany, N.Y., to win backing for the Seneca Nation of Indians to open three casinos in the state, and his firm, Akin, Gump, Strauss, Hauer & Feld, will be pressing the Interior Department to give federal approval to the deal.

Last year, Republican strategist and lobbyist Scott Reed helped to lead a drive that blocked a bill sponsored by Senate Majority Whip Harry Reid (D-Nev.), that would have stopped a California Indian tribe from opening a gambling operation near Oakland, Calif.

And this year, Washington lobbyist and GOP fundraiser Jack Abramoff provided a lesson in grass-roots lobbying to the Coushatta Tribe of Louisiana, which runs a casino. A letter-writing campaign by the Coushattas to state and federal officials helped block another Louisiana tribe's plan to start a casino.

These separate lobbying drives highlight one of the fastest-growing jackpots on K Street: representing Native American tribes.

Indian casinos generated \$10.6 billion in revenues nationwide last year, almost double the amount of five years earlier. And Indian gambling has spread to some 320 locations as tribes have maneuvered in several states and in Washington to capitalize on gambling opportunities. The tribes have hired lobbyists to help them win political backing for their own casinos and to fend off casino rivals, both Indian and non-Indian.

Indian tribes' spending on Washington lobbying — most of which has been on gambling issues — shot up from \$4.9 million in the first six months of 2000, to an estimated \$8 million in the last half of 2001, according to the nonpartisan group PoliticalMoneyLine.com. Moreover, as tribes have gained greater visibility in Washington, both of

the major political parties have been vying aggressively for campaign contributions. Over the past few years, Republicans have been getting an increasingly larger share of the donations, ending the heavy tilt toward Democrats during most of the Clinton administration.

"The Republican philosophy of less government interference and more local control matches the Native American message, goals, and priorities," says Reed. Paxon, whose firm lobbies for at least six tribes with gambling interests, adds, "The Native American community has realized it's important not to put all their eggs in one basket."

In 2001, Republican candidates and party committees received 37 percent of the \$608,975 in total PAC, soft-money, and individual campaign contributions made to both parties by Indian tribes with gambling interests, according to the Center for Responsive Politics. In 1997, the GOP got about 20 percent of the total.

The Indian lobbying work has several fronts. Some influence merchants are pressing the Interior Department to help their clients obtain federal recognition or have their lands put into trust, the steps a tribe must complete before it can open a casino. Other lobbying is aimed at Capitol Hill, where tax bills have been blocked, and at state capitols, where more political muscle may help tribes get into casino businesses.

Some congressional critics argue that all the lobbying on gambling ignores the serious and pressing social problems of Native Americans. "Indian gaming in some places, like Connecticut, has become a license to print money," says Rep. Christopher Shays (R-Conn.), who wants tougher government regulation. "It's very difficult to keep gambling honest."

Rep. Frank R. Wolf (R-Va.), worries that the spread of Indian gambling becomes an "excuse" for government not

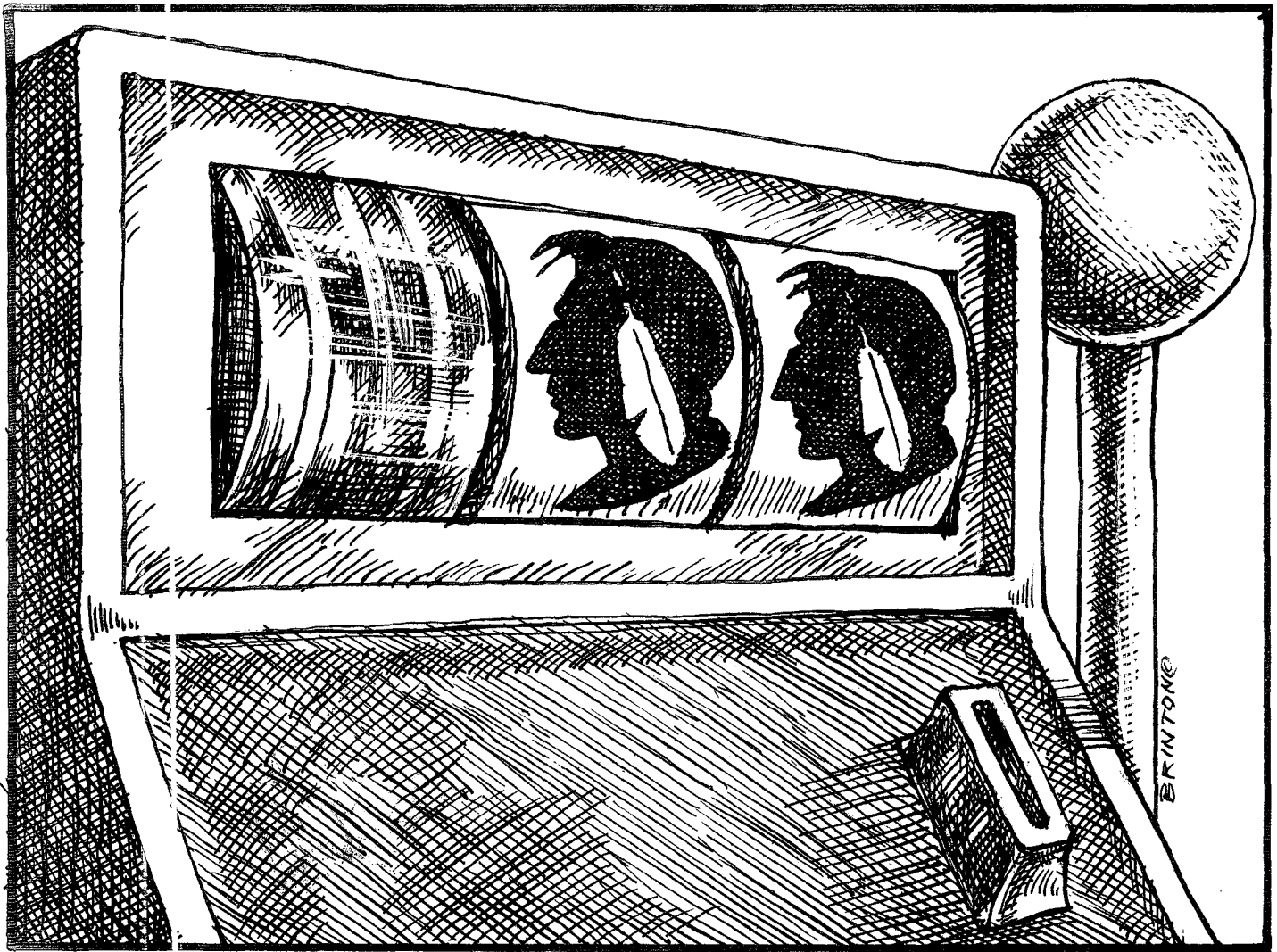


Illustration by Tim Brinton

to fund sorely needed programs. "We should be putting more money into education, housing, and health care" for Native Americans, says Wolf. The lawmaker charges that few Indians have benefited from gambling income and that gambling has produced "countless stories of shattered lives."

Shays and Wolf have introduced a measure that would create a commission to probe the impact of Indian-run gambling and to assess the adequacy of current regulations. Wolf argues that lobbyists want the National Indian Gaming Commission, which Congress established to oversee Indian casinos, to "remain weak."

Heather Gibbison, an attorney at Patton Boggs who does legal work for several tribes, says that gambling has skewed the politics of Indian affairs and is taking away from other priorities. "Gaming is driving federal recognition and land acquisition," she says.

Still, work for Indian clients has soared on K Street in the past few years. Akin, Gump's lineup of Indian clients includes the Gila River Indian Community of Arizona, the Miami Tribe of Oklahoma, and the Seneca Nation of New York. Last year, work on behalf of the Gila alone brought in \$1.4 million, or nearly 7 percent of the firm's total lobbying revenues.

Lately, Paxon has been active for the Seneca Nation, which is based near Buffalo and is in the district that Paxon represented as a congressman. Paxon says he "worked the issue aggressively" in Albany, and last summer the administration of Republican Gov. George E. Pataki backed a bill that would create six new Indian-run casinos, three of which would be controlled by the Senecas.

Last year, the Senecas paid fees of \$370,179 to Akin, Gump — the biggest amount any law and lobbying firm in the state earned from a single client, according to the New York Temporary State Commission on Lobbying.

Lately, Akin, Gump's work for the Gila, a tribe that has three casinos, has focused on disputes with the state of Arizona and the federal government over water rights. Akin, Gump says it is close to reaching a legal settlement. The tribe is working hard to build political support in Congress, which would have to approve any deal.

"They've been very active politically," says Paxon, who has advised the tribe on its political donations. For instance, the Gila have sponsored fundraising events for House Speaker J. Dennis Hastert (R-Ill). The tribe also hosts the Speaker's Cup, a charity golf tournament held in Arizona that benefits sufferers of diabetes, a cause that Hastert embraces since he has diabetes himself. Health



Scott Reed: "The Republican philosophy of less government interference... matches the Native American message, goals, and priorities," contends the GOP lobbyist.

officials have cited the Gila as a tribe with one of the highest levels of adult diabetes.

Another firm that's witnessed a windfall is Greenberg Traurig, where Abramoff has signed up five Indian tribes. Two tribes, the Coshattas and the Mississippi Band of Choctaw Indians, together paid the firm \$4.1 million last year, which equaled about 25 percent of Greenberg Traurig's total lobbying revenues.

Abramoff has been especially busy for the

Coshattas in Louisiana. Last year, the Coshattas, who had been running a casino for seven years, seemed to be having trouble getting the governor's office to renew their expired gambling compact. "We went in and helped [the tribe] organize the entire community," Abramoff recalled. The message delivered to every tribal vendor and every employee was "that their business was at risk" unless the compact was renewed. The result was that some 30,000 letters were sent to the governor, who eventually renewed the compact.

But to the Coshattas' chagrin, early this year the governor awarded a separate compact for a casino to the neighboring Jena Band of Choctaw Indians. The Jena Band retained Patton Boggs for legal help in Washington; and Machal Inc., a developer that backed the Jena Band, hired Barbour Griffith & Rogers for lobbying help at the Interior Department on land issues.

But the Jena Band was outmaneuvered by the Coshattas and Abramoff. The Coshattas again mounted a letter-writing effort to state officials and members of Congress. Abramoff helped contact members of the Loui-

siana congressional delegation, and most of the delegation then pressed Interior to turn down the Jena Band's application. And Senate Minority Leader Trent Lott (R-Miss.), wrote to Interior Secretary Gale A. Norton opposing the Jena Band's compact. Last month, Interior nixed the compact.

Last summer, in an effort to raise the visibility of his Indian clients, Abramoff helped arrange a White House get-together on tax issues with President Bush for top Indian leaders, including Lovelin Poncho, the chairman of the Coshattas. The lobbyist also reportedly invited the Coshattas and two other tribal clients to a dinner party last fall that included Norton.

For their part, the Coshattas are high on Abramoff's work. Vice Chairman William Worfel says his tribe hired Abramoff because "we weren't getting help down here. They showed us how to do media campaigns to inform the public. The Jena tribe would have cut us off at the pass ... and choked off development."

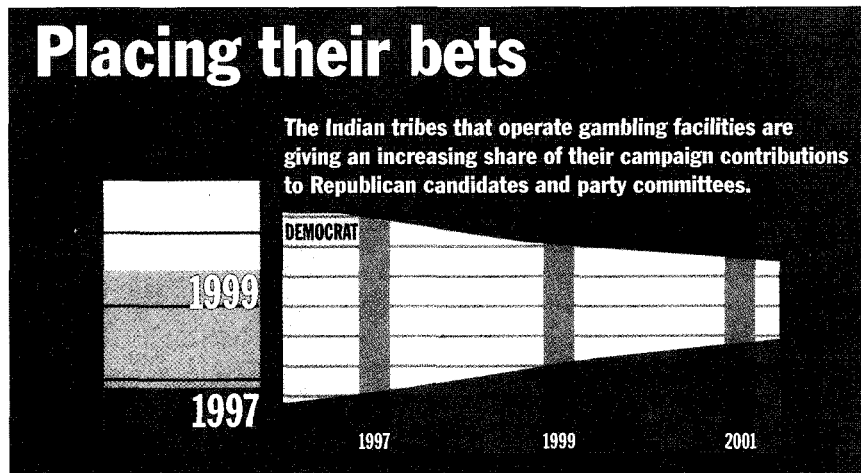
A smaller lobbying firm that has also benefited from working for Indian tribes, including the gambling interests, is Chesapeake Enterprises, whose president is GOP strategist Reed. Last year, a California development company that has helped bankroll the Lytton Band of Pomo hired Reed and former Rep. Bob Livingston (R-La). The tribe had been granted the right to open a cardroom near Oakland, Calif. The California developers were concerned about the Senate bill Reid was pushing on behalf of Nevada's casino industry. Reid's bill would have repealed the measure, sponsored by Rep. George Miller (D-Calif.), that had given the Lytton tribe the right to open its gambling business. Reid's legislation passed the Senate last year, but the lobbyists mounted a successful drive against the bill in the House, effectively killing it.

For several years, Reed's firm has also represented the Mashantucket Pequot Tribal Nation of Connecticut, which operates perhaps the most successful Indian gambling operation in the country and is the largest political giver among Indian tribes. Working with Democrat Larry Rosenthal of Ietan Consulting, who also represents the Mashantucket tribe, Reed helped lead a lobbying drive in 2000 that resulted in Congress's passing a bill allowing more favorable treatment of Indian unemployment taxes,

a provision worth about \$10 million over 10 years to the tribes.

Under Reed's tutelage, the members of the tribe are giving increasing amounts of political and financial support to the GOP. "Senior Native American tribes are hiring GOP operatives to build a working coalition on the Hill," Reed says. 🏛️

This article is reprinted from the April 20, 2002 issue of National Journal (www.nationaljournal.com), a weekly magazine about politics and public policy from Washington. For more information, see the editor's note on page 3.



Longevity record

The most remarkable thing about the portrait of former California senators that line the wall on U.S. Senator Barbara Boxer's Washington office may not be that they are all men.

Until 1921, they all had beards.

During a six-decade span starting before the Civil War and running through World War I, every man occupying the seat now held by Boxer but one had a full face of hair. The fully whiskered mugs of Leland Stanford, James Phelan and the like came to personify power in the world's most exclusive club, an enduring image that only grudgingly yielded to the button-down look of Richard Nixon and Thomas Kuchel.

President George Bush, just this spring, showed a dinner crowd a photo of his bushy-eyebrowed dog Barney and joked that the mutt was doing an impression of a U.S. senator.

California, once again, is shattering the stereotype.

Dianne Feinstein and Barbara Boxer made history a decade ago by becoming the first pair of women senators to ever represent a single state. Now they are on the cusp of becoming old-timers.

Boxer has announced her intention to seek re-election in 2004. Feinstein is committed to running in 2006. Though California has a long tradition of not returning senators to Washington, both will be formidable incumbents.

Feinstein has established herself as a serious centrist who works well with members from both political parties. Boxer remains cast as a combative Democrat (Bob Dole once referred to her as the "most partisan Democrat in the Senate") who is beloved by the party's liberal base.

Were either to win re-election and finish their term, they would have served longer than all but three Californians since the state's inception in 1850.

"When I ran the first time for John's seat," Boxer recalled of her 1982 campaign to replace John Burton in the House, "I said to my family I'd love to have this experience for four years."

Two decades later, Boxer says she thought about retiring. She also considered returning to California for a future run for governor. In the end, she decided she wanted to remain in Washington.

"This time I was seriously thinking of not [running again in 2004]. But after 9/11 and watching the Bush administration's assault on the environment and choice [on abortion], I knew this was not the time for me to walk away."

The only question about Feinstein is what office she'll run for. The cover of *Parade* magazine last month featured a picture of Feinstein beside the caption: "Who Will Become President?" (The cover also featured U.S. Representative Nancy Pelosi (D-San Francisco) and National Security Adviser Condoleezza Rice, making three of the four featured women from the Bay Area.)

The senator flatly rejected the magazine's assertion that she is exploring a presidential run. However, there is no question as Democrats begin to assemble a ticket for 2004 that Feinstein will figure prominently on the nominee's vice-presidential short list.

By Senate standards, both women are but middle-aged (Feinstein is 69, Boxer is 61.) They owe their political longevity to a variety of factors, not the least of which is the electoral weakness of their opponents. Of the five Senate candidates they have defeated — Tom Campbell, Matt Fong, Bruce Herschensohn,

John Seymour and Michael Huffington — only Huffington came close, and that was after spending nearly \$30 million of his own money to tear down Feinstein's popularity.

Boxer and Feinstein will not set any national records for time served together. That distinction belongs to South Carolina Senators Strom Thurmond and Fritz Hollings, who between the two of them have served for 80 years. (When Thurmond was first elected to the South Carolina Senate, Feinstein was an infant and Boxer was not yet born.)

Yet by the time Boxer's term expires in 2005, the two will have already served together longer than any duo in California history. And the faces of California Senate lore — John Fremont, George Hearst, Hiram Johnson, Alan Cranston — will have a distinctively clean-shaven look. 🏠

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By Marc Sandalow



**Feinstein and Boxer
made history... as the
first pair of women
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DOIT did it... again

Why is California the perennial rube when it comes to technology deals? Why does the birthplace of the personal computer and online auctions seem all too often stuck with clunky, overpriced, and superfluous technology? No other state has flung more failed computer systems to the scrap heap. It's as if Michigan bought Edsels and Gremlins for its motor pool.

The latest technology bungle — the state's questionable \$95 million database licensing deal with Oracle — strikes longtime Capitol watchers as one more example of smooth-talking Silicon Valley salesmen suckering

California, birthplace of the world's technology revolution, has blown more than \$400 million on botched computer deals in the last decade. Each time, lawmakers passed reforms to prevent another problem. So how did the latest deal with Oracle get through? Surprisingly, experts point to some of the earlier fixes.

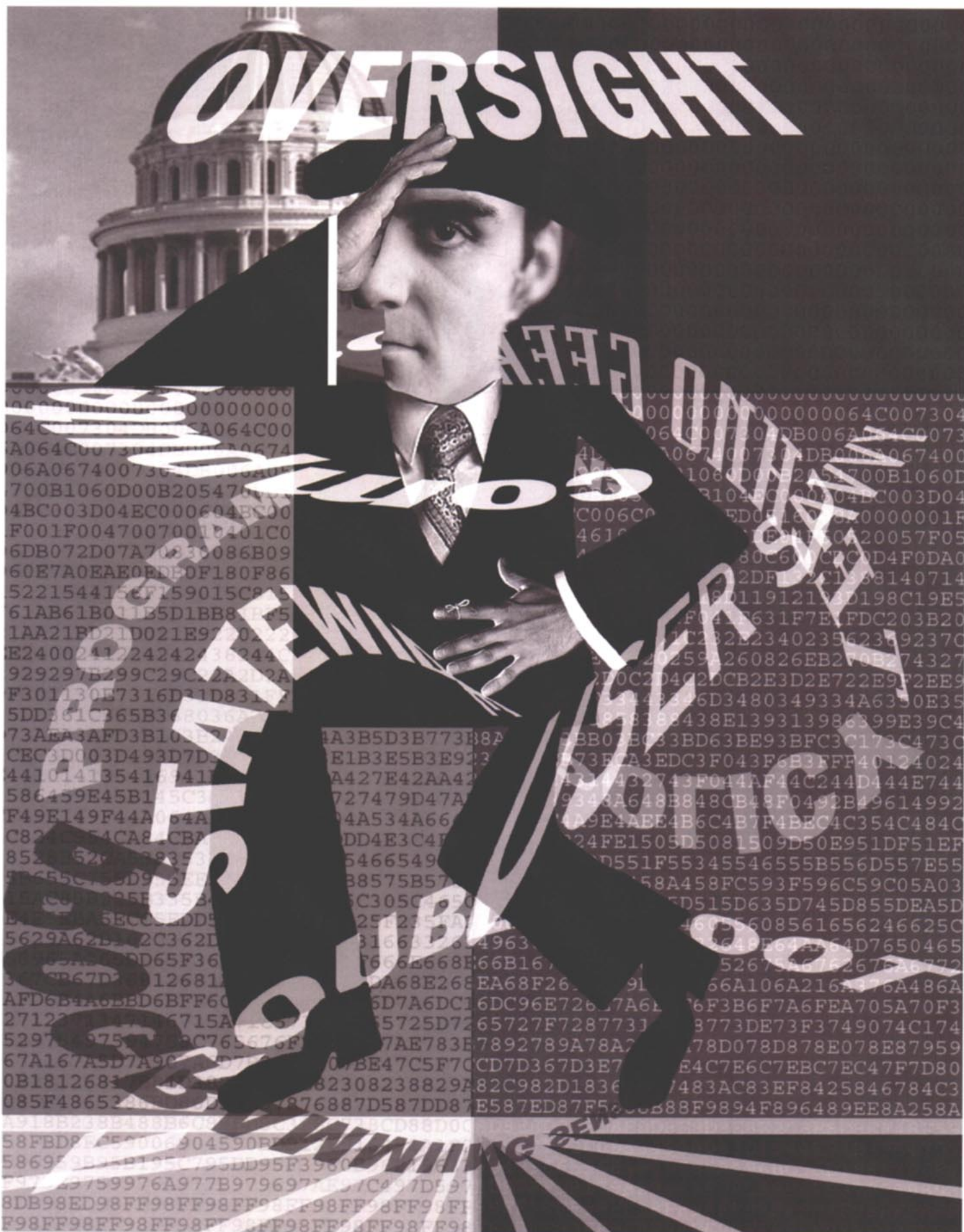
the state into a multimillion-dollar technology boondoggle.

All totaled, the state has lost \$400 million in the last 10 years on botched computer systems. A look back at the past decade of California's technology deals reveals some spectacular disasters. A 1992 computer contract for the State Lottery soured to the tune of \$52 million. In 1994 the Department of Motor Vehicles squandered \$51 million on a database deemed "unworkable" before it was junked. And in 1997 a network to track child-support payments was scrapped, but not before costing taxpayers \$111 million.

For lawmakers and bureaucrats who have struggled to find ways of steering the state clear of embarrassing computer scandals and getting more from the estimated \$3.8 billion the state will spend on technology this year, the hasty contract for 270,000 database licenses from Oracle is disheartening. According to the state auditor, the state could lose \$41 million from the deal — a figure disputed by Oracle, which maintains the agreement was profitable for all parties. The jury is still out on what the final cost, both financial and political, will be. But the wave of dismissals and suspensions from inside the administration indicate that, somehow, this deal wasn't executed as it should have been. And people are wondering why bulwarks put in place after past debacles failed to stop the state from tripping up again.

By Alex Gronke

OVERSIGHT



A solution becomes a problem

The reasons offered for what went wrong between the administration of Governor Gray Davis and Oracle vary widely. Depending on where one asks, it is either evidence of a shakedown by a money-hungry governor or, less nefariously and more likely, a state agency in over its head, falling for a classic, pressurized sale straight off the showroom floor. After all, "Time is running out on this amazing offer!"

gained wide notoriety as the outside consultant that one year ago cautioned the state to keep careful track of its technology needs, and then, as Oracle's financial middleman, urged DOIT to buy the now-controversial licensing deal from Oracle. No one in the administration appeared to be aware that Logicon stood to earn \$26 mil-

**DOIT has never had the kind
of clout it needed
to do a proper job.**
— Senator Debra Bowen



Senator Debra Bowen

Yet many agree on one perverse point: Part of the problem in the Oracle affair was a key element of yesterday's solution — the use of private-sector consultants to advise government agencies on technology.

That "solution" grew out of the 1994 scandal at the Department of Motor Vehicles, which sparked the first round of reform. A database offering Californians a "one-stop-shopping system," originally sold to the DMV as a \$28 million project, ballooned in price over several years to become a financial quagmire. When it was revealed that it would cost at least \$100 million more to dig the project out of a hole, the database was canned. After wasting \$51 million on an "unworkable" system, taxpayers still waited in line at the DMV. The mess at the DMV, compounded by rumors of another technology foul-up in the offing at the Department of Social Services, spurred then-Governor Pete Wilson to create the Department of Information Technology (DOIT) in 1995, yanking authority over the state's computers from the Department of Finance.

John Thomas Flynn, recruited to head the new department from a similar job in Massachusetts, said that among the practices he found most troubling was the use of inexperienced in-house staff who had never worked on big projects yet were responsible for shepherding multimillion-dollar deals. The fear was that career bureaucrats in state government didn't have the experience or savvy to get the best deal out of private sector technology suppliers. At the time, the state was beginning to feel flush again after the recession, and Silicon Valley was bursting with new ideas and products to peddle. In response, Flynn called for the use of private-sector contractors to evaluate and manage deals.

"[Outside evaluators] were expensive, but they were well worth the money because we just kept getting screwed on these big projects," Flynn said in an interview. Based on his experience at DOIT, Flynn still considers one of the best private-sector contractors to be a company called Logicon.

Logicon, now a division of Northrop-Grumman, has

lion from Oracle after the deal was signed. Indeed, no one appears to know how Logicon

even got in on the deal. Testimony during recent hearings of the Joint Legislative Audit Committee revealed that bureaucrats first raised concerns and tried to slow the deal, if not actually stop it altogether.

Despite the conflict of interest exhibited by Logicon, Senator Debra Bowen (D-Marina Del Rey), a longtime observer of the state's misadventures with technology, said that outside contractors have been indispensable in helping the state tighten its technology buying processes. "We're doing a better job than we did. We have a better system of evaluation and management of projects," said Bowen, who credits outside evaluators for the improvements.

Unfortunately for Governor Davis, in 1999 he vetoed a bill by Senator Steve Peace (D-El Cajon) that would have kept companies from hawking their wares to the state at the same time they were being paid by taxpayers to advise the state on what it should buy. This session, Bowen authored a bill similar to Peace's measure that the governor has indicated he might be willing to sign.

Hot potato

As details emerge from legislative hearings, the Oracle deal begins to look like a hot potato tossed back and forth among three state agencies, not one of which wanted anything to do with it. In the end, DOIT picked up responsibility for the deal, with the departments of Finance and General Services in tow. Insiders, even those without an axe to grind against the Davis administration, say that Director Elias Cortez, Davis' pick to head DOIT in 1999, didn't have the experience or the background to manage the office. Cortez has been the fall guy for the administration, depicted as rashly pushing the deal past the objections of staff members. Davis suspended Cortez with pay in

May, and in June he was fired.

When Flynn first came to DOIT, he unveiled a list of eight points meant to prevent another information technology imbroglio along the lines of the DMV scandal. Among the points was a demand that agencies "... use good project-tracking methods for [technology] projects." In essence, it was a hedge against the predictable bureaucratic finger-pointing that followed past technology scandals and now is on full display in legislative hearings on the Oracle deal. In a recent interview, Flynn, who consulted for the Bush presidential campaign in 2000, said that the good management practices he outlined in 1995 were thrown out the window in order to reward Oracle Chief Larry Ellison, a major donor to Davis.

"It's not a contract problem," said Flynn. "It's a character problem."

But Kevin Terpstra, communications director for DOIT, said that the licensing agreement was "a new kind of animal" for DOIT. And while there are plenty of safeguards in place to ensure that new computer systems are needed, well priced and well managed, there was no protocol for the agency to follow on a deal to license software the state already owned. In short, inexperience made the state the perfect mark for technology salesmen with a high-pressure pitch.

It's the money that makes the Oracle affair look like something more than a hapless bunch of bureaucrats falling for a bad deal. It's the money that gives Davis' enemies visors of an election-spoiling scandal.

Only days after the Oracle deal was pushed through and signed (just in time for the San Mateo software giant to note the contract in its quarterly earnings report), the governor's technology adviser, Arun Behati, accepted a check for \$25 000 from an Oracle lobbyist made out to Davis' campaign fund. At the time, Behati also was involved in negotiations over the Oracle contract. He has since been fired.

Some Republican strategists are hoping that the FBI can redirect its attention away from its war on terrorism and wade into the Oracle deal with more vigor. The dreamers believe that if they can prove the governor knew of the deal ahead of time, they will have a lot of ammo against Davis in the November election.

This isn't Kansas

As the nation's biggest state, California has technology challenges that are far greater than those of, say, Kansas, a state frequently mentioned as a model of smooth and efficient technology procurement. But even taking California's particular needs into account, the state still gets fairly low marks from organizations that track government and technology.

Cathilee Robinett, executive director of the Center for Digital Government, said California ranks near the bottom of a recent survey of state governments and their approaches to technology. "With Silicon Valley right in our backyard, we should be a leader," said Robinett.

While the state's vastness is most frequently men-

tioned as the cause of California's outsized technology disasters, Bowen said that in both the Wilson and Davis administrations DOIT has never had the kind of clout it needed to do a proper job. Insiders also say that the convoluted method of financing for projects can keep DOIT paralyzed and impotent in a tangle of competing departments and agencies.

As a result, DOIT is slated to be eliminated this year, seven years after it was launched as a solution to protect the state from costly computer problems. It is expected to be replaced with a new department to oversee technology issues. And many experts agree that a good first step would be to give more power to the next technology chief.

"A lot of this comes down to leadership," said Bowen. "It's difficult to give speeches and get applause when you're talking about databases."

With the Oracle scandal threatening his re-election, Davis is looking like a governor with a big interest in technology reform. He has said he will move to have the contract with Oracle undone. And he also announced a new set of reforms in response to the Oracle flap in May. Among the new guidelines is a call for "accountability and oversight for the procurement, management and operation of the state's information technology systems."

Sound familiar? 

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ROSTERS 2002



2002 edition of California Journal's best-selling Roster & Government Guide is still available. Revised for 2002, it contains the name, address, telephone number, top staff and district offices of every member of the Assembly, state Senate,

and Congress plus Constitutional officers and state departments. \$3.50 each.

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The Oracle Deal: Incompetence or Corruption?

Testimony shows last year's ill-advised purchase of Oracle software involved poor communication, "unusual" political influence, suspicious contributions, a senator promoting his son's employer and tainted consulting firm. No wonder there are three investigations underway and three officials gone

Oracle

• **Larry Ellison**, Oracle chairman, reportedly tried to call the governor.



• **Richard Polanco Jr.**, Oracle employee and state senator's son who claims no role in the disputed deal, but attended earlier meeting on agreements like the one used with Oracle.

• **Logicon**, was to be paid \$28.5 million for brokering Oracle deal. Worked previously as state adviser on tech purchases, raising conflict questions.

Promoters

• **Ravi Mehta**, Oracle lobbyist, gave \$25K Davis campaign check to Baheti after contract signed. Told Oracle to donate to nine lawmakers when contract ran into problems.



• **Richard Polanco**, state senator (D-LA), arranged meeting with Logicon and Finance Dept. staff.



Approvals

• **Susan Kennedy**, Davis deputy, signed deal after assurances from Gage and Adams.



• **Elias Cortez**, dir. of DOIT (Dept. of Info. Tech.), approved the deal despite question about need for software. Said he worked for Baheti.



Fired

• **Tim Gage**, Finance Dept. chief, ignored staff advice to disapprove deal, explaining in e-mail "we don't always set the rules."



• **Aileen Adams**, sec. of State & Consumer Services, approved contract with assurances from Keene and Cortez. Said she was unaware of Finance Dept. concerns.



• **Barry Keene**, dir. of General Services Dept., negotiated Oracle contract. Said he was unaware of questions about need for software, Polanco's influence and Logicon role.



Advisors

• **Kari Dohn**, governor's policy adviser, said Baheti handled Oracle, not her. E-mail said she would brief governor on deal, but testified she never did. Was lobbied by Mehta.



• **Arun Baheti**, governor's e-government director, took a \$25K check from Mehta to Gray Davis campaign committee after Oracle contract signed.



Resigned

Whistleblowers

• **Debbie Liebrock**, Finance Dept. tech analyst, raised questions about savings estimates in memo and testified about "unusual" calls from vendors and lobbyists.

• **Betty Yee**, chief dep. dir. at Finance Dept., testified about Sen. Polanco influence and e-mail from Dohn saying staff is "hot to trot on nailing this agreement."



• **Cynthia Curry**, Dept. of General Services atty., went over Keene's head to warn Adams about problems with the contract.



• **Larry Kreig**, counsel at State & Consumer Services Agency, declined to testify without immunity about whether Adams was warned about contract before she approved.

CAN WE COUNT ON THEM?



If the Supreme Court Overturns *Roe v. Wade*...

THE REPRODUCTIVE PRIVACY ACT WOULD GUARANTEE THE RIGHT TO CHOOSE FOR ALL CALIFORNIANS

An anti-choice president. An anti-choice Congress. A Supreme Court that's one vote away from overturning *Roe v. Wade*. Now is the time to protect our right to choose — right here in California. The Reproductive Privacy Act (S.B. 1301 by Senator Sheila Kuehl) would keep abortion safe and legal in California even if the Supreme Court overturns *Roe*. If passed, the Reproductive Privacy Act will:

- Streamline conflicting laws and delete unconstitutional ones. SB 1301 protects *Roe v. Wade* by deleting language in current state law that has been found unconstitutional in either state or federal courts and streamline the language of the statute to create an easily understandable and consistent law.
- Treat abortion like other medical procedures. Today, abortions are singled out for unnecessary regulations based on political rather than medical reasons.
- Provide women greater access to early non-surgical abortion methods. Mifepristone (RU 486) has been used safely for years. It is federally-approved, but not widely available.

Join Planned Parenthood Affiliates of California, the California Coalition for Reproductive Freedom and health care organizations and civil rights groups throughout the state in supporting this landmark legislation.



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Providing responsible choices through advocacy and political action.

For more information about how you can support the Reproductive Privacy Act, visit Planned Parenthood Affiliates of California's web site at www.ppacca.org. For voter information, visit www.responsiblechoices.org

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They're 15

They're in love. And they're having sex.

While not all young couples are having sex, many are. And the reality is, a sexually active teen that does not regularly and properly use contraception has a 90% chance of pregnancy within one year.

So while adults debate the merits of abstinence-focused education, we must pay attention to the teens that are already sexually active. Young people need

information about – and easy access to – contraceptives in order to prevent pregnancy and sexually transmitted infections.

While we all applaud the drop in teen birth rates, the fact is that over 50,000 babies were born to teenagers in California last year.

Now is a good time to remind lawmakers and parents of the importance of making

confidential, low cost reproductive health services easily accessible to teenagers.

To find out what you can do, visit our web site at www.letsgetreal.org. Teen pregnancy is also an adult problem. Let's solve it together.

GET REAL!
ABOUT TEEN PREGNANCY